A Work Project, presented as part of the requirements for the Award of a Master's degree in International Management from the Nova School of Business and Economics.

BUSINESS IN PRACTICE – THE JOURNEY OF GAMA'S ELECTRIFICATION AND A PERSONAL REFLECTION

LUKAS FINKE

Work project carried out under the supervision of:

João Baptista

10-09-2024

Abstract (100 words max)

This thesis explores the growth of a fictional company, Gama, in the automotive industry, as part of a business simulation. The automotive industry is currently experiencing significant disruption due to technological advancements and a shifting focus to environmental sustainability. The company's journey offers valuable insights into the automotive sector, underscoring the importance of developing strong, cohesive strategies to drive business transformation. The paper specifically examines the areas of strategy, innovation, and human resource management, including a personal reflection on the author's role within the simulation team, emphasizing the importance of effective communication and the ability to resolve conflicts.

Keywords (min. 4)

Automotive Strategy, Innovation, Human Resource Management, Sustainability, Business Simulation, Apply Theory in Practice, Team Dynamics, Intercultural Teamwork, Self-Awareness, Personal Growth

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

Firm Analysis: Gama's Strive for Disruptive Electrification

Introduction

"The automotive industry is a jewel of the European economy" (Cornet et al. 2023). Within global business, the automotive industry is an important, fast-changing environment, which is highly sensitive due to external developments and influences, and it currently faces a challenge of its status quo (Cornet et al. 2023). As electrification was one of two trends that stood out in 2023 and "bucked the economic headwinds" (Yee et al. 2024), massive transformations from internal combustion engines (ICEs) towards electric vehicles (EVs) are currently challenging automotive manufacturers. Additionally, the whole industry is experiencing rapid growth in the global software and electronics market, estimated to reach $462 billion by 2030 (Burkacky et al 2023). This is putting established automotive players under huge pressure from the many new participants that enter the EV market, all of which have a higher valuation than the established players based on their high initial focus on software and EVs (Burkacky et al. 2023). Current established original equipment manufacturers (OEMs), like Mercedes or BMW, are currently facing the big decision of either committing to the "EV-future" or keeping the ICE in their portfolios (Lyon 2024).

The fictional, well-established, car manufacturing company, Gama, is facing the same challenge in the Business in Practice (BiP) simulation between 2024-2030. The aim of this work project is to analyse Gama's performance during the transition from ICEs to EVs. Hereby, Gama's strategy and how the turnaround was strategically tackled will be reviewed, while exploring the innovation approach Gama took to maintain its competitiveness. Connected to that, the Human Resource approach taken to enable the company to achieve its goals will be analysed. Furthermore, this work project draws bridges between every function to achieve an integrated view on Gama's performance. Finally, the findings will be compared to real-life scenarios, since the goal is to make this work project as applicable to the real life as possible. The analysis is

based on the IndustryMasters simulation data but, will be put into real-world perspective as well.

Gama's Strategy and a Competitive Edge through Capabilities

Gama's Strategy Creation

Gama's company name is based on the Portuguese explorer Vasco da Gama, who was the first ever European to reach India around the Cape of Good Hope by sea, breaking the monopoly of Arabic traders and making Portugal the world-power it has been (National Geographic 2024). Following this narrative, Gama created its strategy starting from an external analysis to understand the market and the competitive environment, then analysing the internal environment to understand the given capabilities. These two analyses together then formed the base for deriving and implementing a fitting strategy.

External & Environmental Analysis

For the external analysis, Gama studied the given PESTEL analysis to understand macro-economic factors influencing the automotive industry (Washington State University 2024). The PESTEL showed that sustainability and low-emission vehicles are the up-and-coming trends for consumer preferences (Bar Am et al. 2023). This analysis was constantly updated throughout the years of business, as external shocks were influencing the industry, e.g. consumer spending (see fig. 2). This allowed Gama to constantly reassess its strategy to find the perfect fit in a dynamic environment. These ever-changing external factors helped transform Gama's intended strategy into a realized solution, by challenging initial ideas and bringing forth emergent strategies (see fig. 3) (Saylor Academy 2012). Gama then continued to use Porter's Five Forces to better understand the competitive environment (Porter 1979). This analysis portrayed that the threat of substitution is low, the buyer power is medium, but all other forces are high (see fig. 4). For Gama, that meant that the competitive landscape is highly competitive,

but also attractive for companies who can manage to act fast and know when to pivot (Forbes Business Council 2022).

Internal Analysis

Having understood that there were possible external shocks for the whole environment (see fig. 2) and that the competitive landscape is highly attractive for a company that acts and pivots fast, Gama internally by conducting a SWOT analysis to identify strengths and opportunities to take advantage of, but also weaknesses and threats to be aware of for the strategy formulation (Schooley 2024). This analysis revealed that, Gama's biggest strength is their ability to develop, produce and get the car to the market in six months. To put this strength into perspective, the VRIO analysis conducted (see fig. 6) identified that their research & development (R&D) capability is considered valuable, rare, inimitable and organized, resulting in a sustainable competitive advantage for Gama (Barney 1991). This VRIO analysis provides the core for a resource-based view of the company, which therefore enabled a capability-driven strategy creation based on a differentiated capability (Wernerfelt 1997).

Strategy Formulation & Implementation

Based on that previously concluded capability-driven strategy approach by Wernerfelt (1997), Gama formulated their mission, vision and core values. The mission is to navigate a better future, where the background of Vasco da Gama in exploring the new and "navigating through unknown waters", and the transition from ICEs to EVs merge together. Additionally, Gama aims to be a company leading the way in all trends that drive the industry, including performance, production, range and charging concerns (JPMorgan Chase & Co. 2023). This contributed to Gama's generic strategy of differentiation (Gordon 2024), as their R&D capability drove the uniqueness of products (see fig. 7). Based on that, Gama's vision is a world, where innovative and sustainable automotive solutions elevate humanity and safeguard the

planet for generations to come (see fig. 8). Complementing the mission and vision are Gama's core values innovation, sustainable growth, transparency, respect with honesty, diversity, equity, inclusion and environmental responsibility (see fig. 8). Sustainable growth and environmental responsibility were key pillars in Gama's strategy, as PricewaterhouseCoopers (2024) states that car manufacturers must reassess the sustainability of their products and value chains, leading to an advantage over competitors with less developed features (see fig. 7). Gama reached early electrification, further supporting the differentiation approach (see fig. 9). The primary challenge is to comply with legislative requirements while ensuring cost-effective production and meeting consumer demands (PricewaterhouseCoopers 2024). The focus here was to reduce regulatory requirement-imposed penalties on CO2 and take advantage of the CO2 bonus (see fig. 10). This sustainability pillar also included implementing many of the United Nations' Sustainable Development Goals (SDGs) (see fig. 11-13). In conclusion, Gama intended to differentiate in the market by investing heavily in sustainable innovative cars and features, taking advantage of their quick development capability.

The Need for Strategy Realignment

Despite wanting to realize the competitive advantage, Gama faced stagnating revenues while struggling to generate positive cashflow (see fig. 14). Despite the anticipated rise in demand of EVs, further driven by regulatory incentives for EVs (European Commission 2024), Gama struggled to further increase its sales or decrease production cost to increase profit. This was caused both by its differentiation approach, which also included high-end pricing, and external shocks, such as higher tariffs (see fig. 15). Additionally, many "Competitive Investments" were made, including switching factories for cars, inducing high costs, lowering productivity, and diminishing any economies of scale. With the value-added plummeting, caused by non-sufficient revenue to cover all costs, Gama's agility in adapting to fast changing market conditions resulted in realigning the strategy towards disruptive innovation in Q17 (Christensen

Raynor and McDonald 2015). This transforms expensive or highly sophisticated products or services—once accessible only to a high-end or highly skilled segment of consumers—into offerings that are more affordable and accessible to a broader population (Twin 2024). This meant reducing prices drastically, while maintaining positive margins, and focusing on economies of scale to increase profits further. Gama successfully realized the balance between lowering prices to increase revenue and increasing economies of scale to reduce production costs, leading to an uproar in both revenues and value-added (see fig. 14 and fig. 17). Had this strategic pivot not been taken seriously, Gama could have driven themselves into bankruptcy, if the company stuck to the intended strategy (Saylor Academy 2012). An important part of this pivot was Gama's innovation department driving the quick development of disrupting cars.

Innovation as a Competitive Edge and Disruptor

Initial Innovation Approach

Since the creation of the first automobile, product innovation has been crucial for the automotive industry to remain competitive and thrive in a constantly evolving market (IBM, 2006). As previously outlined, following VRIO, Gama had a competitive advantage with its R&D capability, therefore making innovation one of Gama's crucial strategic pillars. However, Gama considered that a firm's possessed competitive advantage only becomes a sustained competitive advantage when "[...] other firms are unable to duplicate the benefits of this value creating strategy" (Barney, 1991). As a result, Gama's R&D capability itself did not ensure a sustainable, long-term competitive advantage. Leveraging on this innovation-based approach, Gama performed two major analyses that complemented previous analyses. The S-Curve of Innovation illustrates that as an industry, product, or business model evolves, profits increase until they reach maturity (Future Business Tech 2021). At this stage, businesses should introduce new or upgraded products to seize future profit opportunities (Future Business Tech

2021). In addition to that, each cycle within the S-Curve is defined as the Product Life Cycle (PLC). This cycle consists of four stages a product goes through from developing the market back to decline, in the simulation portrayed by percentages between 0% and >100% (see fig. 16). Comparing the time a product has been in the market against its sales, the PLC helped Gama define the strategic moments in their products lifecycles. This opened an innovation window between the major technologies, ICEs and EVs. Throughout the analysis, Gama focused on innovating the ICEs immediately to EVs instead of hybrid electric vehicles (HEVs), building on the recognition of EVs as essential for net-zero emissions. This supports Gama's sustainability goals (see fig. 8), and regulatory frameworks and incentives, therefore overcoming customer challenges driving the demand of EVs (Qadir et al. 2024). Furthermore, Gama focused on innovating their products above industry standards (see fig. 7), as a growth strategy for the current product, realising a "life extension" strategy (Levitt 1965). This strategy can be described as a differentiation life extension, making a product stand out from the competitors by highlighting an important difference (BBC 2024).

Innovation Implementation – Life Extension in Practice

To apply the mentioned concepts for one of Gama's vehicle product line, figure 16 presents the PLCs in form of the revenues of the ICE car PU 225G and the following model PU Torga, ultimately building the S-Curve for that product line (Future Business Tech 2021). Gama's innovation strategy becomes clear, as the company invested in the first innovation window after seeing sales for PU 225G decline due to changing customer interest in ICEs, external shocks, and the 225G's high product maturity. This resulted in the second technology, the PU Torga, the first and only EV of its kind in the market. At the same time in Q4, Gama invested in a new type of battery technology, the sodium-ion batteries, which its other three newly launched cars over the next quarters are based off. This approach represents a similar approach to real-life company Tesla, where the inhouse development and production of advanced batteries simplifies

the supply chain by saving both money and CO2, while also enhancing trust of unsure customers by tackling distance and charging issues (Dror and Ezer 2022). Nevertheless, Roland Berger also warns that this push could eventually contribute to a rally of prices for raw materials like lithium (Ewing and Penn 2021). For Gama, this was not the case as over the time of their business, no other company invested into the new type of batteries. This further underlines the differentiation approach Gama took, making their newly developed cars standout from competition (BBC 2024). However, Gama overestimated the willingness to pay from a big group of their customers, which lead to keeping many of them out of reach of their product, even if their innovation indeed was differentiated to their competitors (Hunter 2021).

Innovation Adaption

Gama continued to constantly relaunch their cars, taking advantage of the PLC advantages that newly relaunched cars brought (Levitt 1965). However, this only led to minor increases in sales after the relaunches. Further barriers to going electric hindered growing success of sales, as range limitation and anxiety, costs, and infrastructure remained barriers to increasing its customer base. As one solution, Gama looked to the real-life company Electreon, which introduced wireless charging technology for EVs to further enhance range and charging speed (Dror and Ezer 2022). Inspired by this approach of investing in the environment around the EV technology, Gama invested $700M themselves into next generation e-drive module and charging network expansions. Deloitte (2023) states, that another way of increasing demand is by changing the environment around the product, increasing accessibility or decreases barriers. Following these competitive investments, Gama managed to increase its revenues and cashflows substantially from Q17 onwards (see fig. 14 and 17).

Concluding the innovation approach, Gama realized both internal investments early on, electrifying their fleet with innovative components to their cars, while then also investing in external innovations to the environment, proved highly important to Gama’s increased success

towards the later stages of their business. Yet, for all successful innovation, every company needs one of the important support functions in any value chain to base operations on (Porter 1985).

Human Resource Management as the Foundation

Overarching HR Approach

The automotive sector is undergoing unprecedented disruption due to evolving technologies, business models, competitors, and consumer buying behaviours (Cornet et al. 2023). Doucette et al. (2020) project that attracting, developing and retaining key leadership and technical talent has become a top priority for companies, especially in the face of technological and consumer-preference disruptions in the automotive industry. How automotive companies address these challenges will be crucial in determining their success in the next decade. As many organizations disregarded Human Resource Management (HRM) as a support function, Gama approached its HRM strategy as a vital function for success, forming the base for all productivity and innovation, which means not being shy of investments in the workforce (Gi Group Holding 2024). Gama relied on four main pillars, suggested by Cunha and Kará (2024). The company first addressed the workforce planning including the hiring process, compensation, and adequate training. Finally, as an overarching goal, Gama focused on Green Human Resource Management (GHRM).

Green Human Resource Management

To first describe the overarching shared goal of all HRM activity and implement it in the Green Human Resource Management approach described by Cunha and Kará (2024), Gama went back to their initial mission and vision. As sustainability is one of their most important core values, the respective functions follow that approach. For GHRM, Gama formulated three focus strategies, as well as three main key performance indicators (KPIs) to align the HRM strategy

with the overall business strategy (Organ 2024). Those strategies included diversity, employee management and sustainability training. The main KPIS were gender, age and ethnicity, to ensure meeting the United Nations SDGs (see fig. 11-13). All these strategies and KPIs can be found in the three main activity areas described in the upcoming paragraphs.

Workforce Planning & Hiring Process

To address the workforce planning, Gama relied on a collaborative process, which included assessing the currently available workforce and involving the most affected stakeholders in the process, as this ensures high retention rates, minimizes cost and inefficiencies for the whole business (Organ 2024). For Gama, that meant to start from their current workforce, which is split into management staffing per function and product line and factory staffing per production site.

For the management staffing, this resembles a matrix organisational structure, split by function and line (see fig. 18), to offer greater flexibility and commitment to a specific project. However, this can also result in higher complexity and higher cost for staffing (Stuckenbruck 1979). This is what happened in Q8 for Gama, as this complexity of handling many management functions resulted in five employees quitting their job, due to their salary and well-being being overlooked, producing low motivation (see fig. 20). For planning and coordinating the hiring process better, Gama established criteria to meet the overarching focus strategy of diversity (see fig. 13). This meant to maximize diversity across all levels (see fig. 11-13). As a result, Gama managed to increase the percentage of women in management positions to 53% (see fig. 13), which is surpassing the industries average of 27.1% (Michelson 2022). This increased employee satisfaction after Q8 heavily (see fig. 19), as openly addressing the real-life invisible obstacles in systems and culture for women, that still prevail in the industry, increases motivation and engagement with the company (Michelson, 2022).

For factory staffing per production site, the approach heavily relied on involvement of the

affected stakeholders, in this case the operations department (Organ 2024). As the motivation for the factory staffing heavily influenced the efficiency and productivity, Gama's HR department remained in close contact with its operations and adapted hiring based on the projections of the need of workforce from the operations department. This represented a subjective demand forecast in the form of informal managerial forecasts, with parts of statistical regression (Cunha and Kará 2024). The estimated number from operations was then further refined by including the workforce's qualification and motivation to result in a workforce plan for that quarter (Cunha and Kará 2024). Although this approach caused higher costs for Gama due to constantly hiring and firing workforce, Wilson (2020) suggests that the benefits of investments in HR in efficiency and productivity surpass these costs.

Compensation

Tackling employee management as part of the environmental, social and governance (ESG) report by Gama (2024) included maximizing satisfaction and motivation. Described by Cunha and Kará (2024), employees' compensation plays a major role in their satisfaction and motivation. To come back to the misalignment in Q8, compensation was well below industry average with the compa ratio being below 0% (IndustryMaster 2024), which resulted in five management employees quitting their job. Through that event, Gama experienced Half's (2024) hidden cost of paying less, since that event led to higher cost in rehiring managers with higher salaries (see fig. 21). Instead, Gama should have adapted and did so after this event to a competitive salary and an employee retention strategy (Half 2024). This was put into practice by continuously adjusting the salary of all managers to a competitive salary of 2%-3% compa ratio (IndustryMasters 2024). The compa ratio compares the salary of an employee to the industry average (IndustryMasters 2024). This also aligns with a suggested actionable strategy by Half (2024), to conduct regular salary benchmarking and review and adjust the salaries on a semi-annual basis. This resulted in elevated management employee motivation, largely

corelating with their salary (see fig. 22), therefore reaching fulfilling the set strategy according to the ESG report (see fig. 13).

(Sustainability) Training

As the last of the three predefined strategies under Green Human Resource Management, Tunley Environmental (2023) suggests that sustainability training can be an accelerated way towards the goal of net-zero emissions. As this is in Gama's core values, the company started heavily investing into sustainability policies from the start, while also providing the adequate training in the months after (see fig. 23). As Komm et al. (2021) state, to achieve strategic goals and remain competitive, organizations must reskill and upskill large segments of their workforce. By providing sustainability training, Gama increased the employees' sustainability skill level, while also enabling further strategic investments for other departments related to sustainability (see fig.13 and fig. 23).

HR Adaptation

Despite the prevailing HR efforts, Gama decided from Q21 onwards, that operating costs were too high. This was based on revenues continuously rising, while the EBIT margin remained below 10% in the previous two quarters (see fig. 24). Although Stricker and Correa (2024) suggest that the average EBIT margin for OEMs are between 8.7% and 8.3%, Gama decided that they were more comfortable with a higher EBIT margin. Following the public's opinion, the average person thinks that the average company males 36% profit margin, which is about five times higher than the standard (Perry 2015). This suggests, that purely going for a higher EBIT margin was a strategic mistake by Gama when thinking about sustainable growth and sustaining a healthy environment for the workforce. As a result of the lowering of workforce salary and training budget in Q21, Gama experienced a huge drop in employee motivation and qualification, eventually leading to a great loss in productivity hitting from Q23 onwards (see

fig. 25). This resulted in a slowdown of rising revenue, negatively balancing the profits made by reduced cost. Had Gama stuck with its applied strategy, it is assumed that employee satisfaction would have stayed at 99% from Q20 (see fig. 19), but instead, it dropped by 6% in just five quarters. Concluding the HR approach, Gama stuck to their formulated strategy of sustainability and investing to benefit from the elevated productivity but decided to abandon this well-working approach after Q21. This can be seen as a strategic mistake going against their initial strategy, since the wished-for benefit in margin did not occur and additionally, the factory workforce's productivity and satisfaction plummeted (see fig. 24).

Real-life Examples & Comparisons

Despite Gama being a simulated company, its strategies reveal both parallels and differences with real-life car manufacturers. Unlike Toyota Motors Corporation, which initially focused on hybrids and later diversified into hydrogen and other powertrains (Gomes 2024; Crownhart 2022), Gama quickly committed to full electrification, bypassing hybrids. While Toyota combined cost leadership with broad differentiation, as per Porter's model (Thompson 2024), Gama initially pursued differentiation before adopting cost reduction strategies similar to Toyota's approach in later quarters (Thompson 2024). Toyota's strategy, including its cautious stance on EVs and commitment to a diverse range of powertrains, contrasts with Gama's singular focus on EVs. Despite Toyota's approach facing criticism for being too slow (Crownhart 2022), other manufacturers, like BMW, are also exploring hydrogen engines for the long term (Hydrogen Central 2024). This comparison underscores a key difference: Gama's rapid shift to electrification versus real-world companies' more diversified strategies. Figure 25 shows varied electrification targets by country, highlighting the lack of a unified global plan and supporting the diversified approach of real-world manufacturers (Virta Global 2024).

Gama's Integrated View towards Electrification

Gama's transition was driven by strategic integration of innovation, human resource management, and a commitment to sustainability. The company developed EVs that aligned with consumer preferences and used market research, gathered by the marketing department which is not part of a deeper review in this analysis, to guide innovation. Gama's focus on sustainability, through investments in features like sodium-ion batteries and next generation e-drive modules, reinforced its differentiation approach and initial pricing strategy. The connecting string of all functions and decision taken was the triple bottom line. The Triple Bottom Line (TBL) is an economic concept that urges companies to give equal importance to social and environmental concerns as they do to profits (Miller 2020). By focusing on all three dimensions, people, planet and profit, Gama successfully kept track of its strategic goals in profit, its sustainability focus through planet, and a sustainable growth and management approach through people. Gama managed to always stay ahead of the industries benchmark throughout its time in business (see fig. 26). Through this, despite having periods of less profitability when shifting from high-end pricing based on the differentiation towards the adoption of price-leadership inspired by Toyota (see fig. 27), Gama managed to stick to the mission and values by continuously evolving its strategy with the changing environment, innovating sustainably, while also maintaining an efficient and motivated workforce.

Conclusion & Main Takeaways

Gama embodied its namesake by navigating a significant turnaround without "sinking". However, an in-depth analysis of Gama's performance during this transformation uncovered some critical shortcomings. The company struggled with optimizing pricing strategies, which should have been guided by more robust data-driven approaches and demand forecasting. Additionally, a more thorough analysis of customer feedback could have addressed profitability

issues, bridging the profitability gap in transition years with hybrid models, and potentially mitigating some of the financial challenges. Furthermore, effective alignment and communication across all departments were crucial within the company. Establishing robust feedback loops between all departments was vital for developing models that resonated strongly with consumers.

Gama's experience mirrors the journeys of real-world automotive manufacturers, highlighting the practical strategies they employed in the transition to EVs, despite going against the strategy of one of the biggest real-world automotive giants in Toyota. One crucial insight in both the real-world and the simulation is the significant role that government regulations, such as the United Nations, play in shaping business models and influencing consumer behaviour. Without these regulatory frameworks, Gama might not have embarked as heavily on its path toward sustainability. This underscores the impact of external factors on industry transformations and suggests that further research into how regulatory influences drive changes in the automotive sector could be valuable. Gama illustrates that established firms face significant challenges when responding to industry disruptions through innovation (Christensen Raynor and McDonald 2015). It has become clear that achieving a lasting competitive advantage requires alignment across all functions within the firm. Additionally, it is essential to validate assumptions, such as the preference for immediate EV adoption, through thorough market research and analysis prior to implementation. This firm analysis has its limitations. It focuses on three specific functions, which may constrain a comprehensive understanding of the company's transformation. For a more complete view, an analysis encompassing all functions, including finance, marketing and operations, would be necessary. Due to space constraints, not all frameworks and aspects could be extensively covered. Thus, a focus on selected aspects was required.

Personal Reflection: Two Key Incidents for Personal Growth

Introduction to the Personal Reflection Approach

The following reflection offers an analysis of two critical incidents, which led to personal realization and growth potential. Although having the sense of a good and effective team environment, these two incidents show elements of dysfunctional teams following Lencioni (2005), like lack of trust and fear of conflict. Furthermore, this analysis will explore, how I acted in this environment and will discover character traits, like the "Dot it all Myself" mentality (Bauer 2020). Additionally, suggesting areas for personal growth to ensure future teamwork is more effective and to develop as a potential leader. The reflection is based on the IndustryMasters simulation, which was performed under a high pressure and stressful environment to simulate real-world situations, as this simulation puts the theoretical knowledge to a test in a business setting. The incidents that occurred will be analysed by applying Gibbs' reflective cycle framework (see fig. 28). This framework will act as a comprehensive baseline to describe, analyse and draw actionable plans from the incidents (Channell 2023). It will also provide takeaways to learn from the valuable lessons and training from this experience, as "great teamwork starts with training" (DeakinCo. 2023).

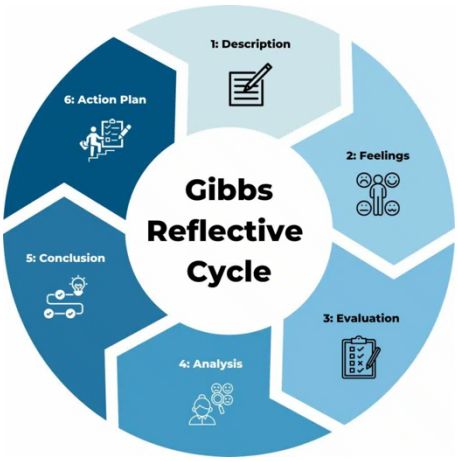


Figure 28: Gibbs Reflective Cycle 1988 (Channell 2023)

The first incident occurred during the second and third year of the simulation, and was caused by a disagreement within the team, showing first signs of lack of trust and the already existing tensions due to non-functioning communication.

The second incident occurred during while preparing the ESG report requested by BlackPebble, an investor in Gama in the simulation. This incident showed different levels of commitment and perception of the work done.

The Operational Approach Dilemma

Description: During the first two and half years, Gama was producing with high operational costs, reducing profitability and the value-added, while also holding large days of inventory. During the first quarter of the year three decisions on a Friday morning, the team was altogether discussing possible causes for these results. We were going through every department, recapping the overarching idea behind the decisions made so far. When we turned to the operations department, both heads of department were still discussing between them without talking to the whole team. This had happened throughout the first two years, multiple times, each time being described as them not being ready for the group discussion yet, a discussion we had planned in our team charter after an initial individual analysis of the results of the previous quarter (see fig. 29). This discussion between them reached its peak on that Friday morning, as they were not able to find common ground between them, opening their "internal" discussion to the rest of the group. As already described before, the days of inventory and operational cost were still rising, and when the operations department opened their discussion about this matter to all of us, I started by stating that Gama is changing the location of the production sites too often, each time representing an investment. In my opinion, this drove the cost and the inventory days, each time destroying any economies of scale by restarting at a different location. One of the heads of operations agreed with me, as well as the rest of the team after a short explanation and period to think about it, but the other head of operations did not agree. We kept trying to explain our reasoning, while also stating that the current way of operations is driving costs as well. I was being very persistent, as I had listened to the lecture on operations during the academic sessions, remembering that these changes destroyed any economies of scale. The group was going back and forth as the discussion became more intense, and we were going over the designated timeframe for the discussion phase. At this point, the one head of operations responded: "I really do not agree with this and it is going to have the

same results and drive days of inventory up, but you are going to do it anyways, so let us just do it, I do not care." To this claim, we decided to go forward with my reasoning and move on without reconciliation. After that incident, the head of operations kept quiet in any further group discussions, with operational cost and days of inventory decreasing.

Feelings: This reaction of the head of operations left me speechless and angry for a bit, as I did not understand at that time, how we just gave up on that discussion. On the one hand, I had the feeling the head of operations had no interest in the success of the team, nor the feeling of commitment to the simulation and the discussions that would derive from it. In the moment of their comment, I felt as if they do not care, which is why I was quick to move on from that decision. Additionally, I felt like they were questioning my idea and competence, arguing so adamantly against my proposal, which made me react so heavily in defending my stance. On the other hand, after having some time to cool down, I felt I was partially at fault for their reaction, since I was not being open to their ideas. The fact that the head of operations kept so quiet after that incident left me unfulfilled, since it was me, who pushed through with the idea, although the outcome came as desired to the team. It was not until the Team Dynamic clinics, where we received feedback on how the team saw our performance compared to our own impression (see fig. 30), as we talked about the feedback afterwards, I realized that the head of operations did not turn silent because they were angry at me but because they were struggling with that situation of seeing my idea bring the results we wanted.

Evaluation: Objectively speaking, the event had both positive and negative outcomes for the simulation, firstly decreasing cost and days of inventory. In addition to that, communication increased after the incident due to the realisation that if we discuss everything earlier and in further detail, we can increase productivity and collaboration (Gordon 2023). We realized that we could avoid these situations by simply talking about everything from an earlier point in time to avoid being put in a situation where there are only absolutes in addition to time pressure.

In contrast, there were also some negative short-term impacts. The relation between me and the one head of operations declined for two years of simulation. Fortunately, it did not influence the relation between the two heads of operation, which still enabled communication between all functions. In addition to that, for the rest of the third year, in which it was the first quarter this incident occurred, our discussions were very reserved, especially the operation side. This fortunately was fixed after the simulation clinics discussions in the afternoon, where we specifically talked about the operations department to rebuild trust in what our common strategy will be. After that, the department discussions flourished and made our decision-making mutually more effective (Gordon 2023).

Analysis: This incident revealed several dysfunctions within our team and for me. Firstly, we all had the impression that our team was well-functioning. When diving deeper into this incident, the build-up to this reveals the first dysfunction of a team, absence of trust (Joosr 2015). During the first years, we had the same routine when it came to analysing the results and then coming up with possible adaptions for the next quarter (see fig. 29). As long as this was working and results were not very bad, we saw this as a sign of a functioning team producing results in no need to adapt (Noonan Hadley and Mortensen 2022). However, when results started to tremble, discussions were getting shorter before the incident, leaving the team with few opportunities to discuss. With the fear of vulnerability, discussions were kept short to conceal possible weaknesses or uncertainty about decisions, which shows the dysfunction of absence of trust (Joosr 2015). The team was not asking each other for help, not discussing any decisions but just presenting the final input, which is not supporting effective teamwork destroying any open and transparent communication (DeakinCo 2023). This contributed to an environment of fear of making mistakes for the whole team, including myself. When this environment is present, even the smartest teams can be ineffective due to conflicts overarching constructive discussion with

everyone having the need to prove themselves instead (Duhigg 2016). In addition to that, the incident also revealed the second dysfunction our team had, which is fear of conflict. In the moment, I thought that we made a group decision based on most people agreeing on one way. However, we avoided the problem and did not confront the issue of the one head feeling ignored and attacked by the group. I was then not able to understand this and carried on without confronting the issue, as did everyone else in the team, resulting in the second dysfunction following Lencioni (Joosr 2015). Following Lowry (n.d.), my red True Color personality (see fig. 31) further contributed to this dysfunction, as the red colour tends to make decisions quickly and strictly speaking with facts without thinking of the person they are speaking to. This further fuelled the dysfunction, as I had not contributed to an environment of trust, being impatient to move on. This also led me to discuss my frustrations with other heads outside the simulation. As Haas and Mortensen (2016) note, this behaviour fostered an "us vs. them" mentality within the team, contributing to further negative dynamics. I now realize this approach was harmful, and it would have been more effective to openly and constructively discuss the concerns with the head of operations and the team (Toegel and Barsoux 2016).

Conclusion & derived Action Plan: This incident impacted both my professional and personal relationship between myself and the head of operation. I found it challenging to manage my emotions in this stressful and challenging situation and tended to avoid conflict. I learned about myself, that I tend to express my "red spectrum" contributing to a feeling of being afraid to make mistakes. In a professional environment, this can harm future teamwork, if not addressed adequately. Therefore, to become more constructive expressing my feelings, I need to build stronger relationships with my colleagues (Howell 2021). Additionally, I should spend more time reflecting on my emotions and understanding their root causes instead of overly expressing them. My goal is to develop dual awareness of both internal and external environments, and

increase my empathy, allowing me to respond to situations like this more effectively and without being swayed by my emotions (Brassey and De Smet 2023).

The ESG Report Dilemma

Description: After the year four decisions, we were tasked with writing an ESG report. The assignment was to be completed the next day and we initially met to divide the tasks among ourselves. However, as the day progressed, it became apparent that our group was not making the expected progress. Some members suggested that we delay most of the work until the morning of the deadline, arguing that a concentrated effort closer to the submission time would be more effective. Despite my concerns about this approach, I went along with the group's decision to maintain harmony. On the morning of the deadline, we met earlier to begin the bulk of the report. The atmosphere was tense, as we all realized the significant amount of work still left to be done. We scrambled to gather data, structure the content, and refine our analysis. Communication was rushed, and there were several moments of confusion and overlap in our tasks. This led to a stressful working environment where mistakes were easily made, and the quality of our work was compromised. Everyone was focused on simply getting the report finished rather than ensuring it met a high standard of quality. As the deadline loomed closer, we managed to complete the report with only minutes to spare. The process had been chaotic and anxiety-inducing. Most work in PowerPoint was done by me as I was the most experienced one using short keys and templates from my previous work, with the others providing the input. Just after we submitted the report, one of the group members casually remarked, "This was good work," as if the experience had been entirely positive and productive. Hearing this comment made me furious, as it disregarded the stress and last-minute rush that we had just endured, as well as the fact that our lack of preparation could have severely impacted the quality of our work. As response, I said to that group member, I very much disagree with what was just said and do not think that this was good work at all. The group member then went to argue that

the work was submitted in time, which was the only thing that mattered. This comment made me even more upset, ending the conversation in saying that in contrast to that teammate, I do care about the quality of my work.

Feelings: Before we started the report, I felt frustrated by the lack of planning and preparation that had led us to this last-minute rush. In that moment my teammate made the comment, I was overwhelmed with a mix of anger and disbelief. I was upset not only by the casual dismissal of the stressful experience but also by what I perceived as a lack of self-awareness and responsibility on the part of my teammate. I felt that the comment minimized the genuine frustration and anxiety I had experienced throughout the process and failed to acknowledge the collective shortcomings in our planning and execution. It made me feel undervalued and unheard, as though the significant emotional toll the situation had taken on me was being ignored. I further felt like I was the only one who cared about the success of this report, as it had a significant impact on our team's results.

Evaluation: Generally, the incident had a few positives, such as the successful completion and timely submission of the ESG report, which indicates a level of commitment and ability to collaborate under pressure. However, there were several negatives. Poor time management, and the decision to delay most of the work until the last minute created unnecessary stress and compromised the report's quality. Additionally, there was a lack of planning and organization, leading to confusion and ineffective communication as the deadline approached. The lack of honest communication prevented the team from working more efficiently and collaboratively, and the dismissive comment at the end contributed to negative emotions and tensions within the group (McMullan 2024).

Analysis: Our team decision to delay work until the morning of the deadline suggests a pattern of procrastination and potentially a reliance on a perceived productivity boost under pressure,

which is known as the "Yerkes-Dodson Law." This law states that performance increases with arousal up to a point, after which it declines. We may have believed that a sense of urgency would enhance focus and productivity. However, research has shown that this approach often leads to lower-quality outcomes and increased stress levels, as was evident in this incident as we overused the reliance on the enhanced performance with arousal (Pietrangelo 2020).

The lack of effective communication and planning towards the deadline also points to groupthink, a psychological phenomenon where the desire for harmony or conformity results in irrational or dysfunctional decision-making. This explains why I agreed on deciding to delay the work despite the risks I perceived were associated with such a strategy. The avoidance of conflict and lack of open dialogue about the potential consequences of delaying the work indicate a group dynamic where dissenting opinions were not voiced based on previous experiences during the first critical incident, leading to suboptimal decision-making (Kenton 2024). On a personal level, my response to the situation was heavily influenced by a “do it all myself” mentality, described as hyper-independence, which refers to an excessive reliance on oneself, often to the point of avoiding dependence on others or refusing to seek help, even when it would be beneficial (White-Gibson 2022). My reluctance to voice concerns about delaying the work is indicative of hyper-independence, I chose to keep my thoughts to myself rather than engaging with the team and sharing my perspective. This can also be found in my response during the working on the report, as I chose to do most of the tasks myself instead of effectively distributing them amongst the team. I chose to spend the time working on as many tasks as possible instead of spending time on team communication, which then could have led to a more productive and effective work session. When the report was completed and my team member casually commented, "this was good work," my intense frustration suggests that I had internalized a lot of negative emotions. Hyper-independence often involves internalizing feelings rather than seeking emotional support or expressing dissatisfaction openly. This led to

a buildup of resentment or anger. By choosing not to address the team's approach more directly, I was relying on my own ability to manage the report and my emotions without seeking resolution or understanding from the team (Bauer 2020). In addition to this, the critical incident revealed several dysfunctions from Lencioni's model that impacted the team's performance (Joosr 2015). There was an absence of trust, as I hesitated to express concerns about delaying the work, leading to poor decision-making. The team's fear of conflict was evident in the already established avoidance of open discussions, which prevented a thorough evaluation of our approach. This then contributed to a lack of commitment, with no clear plan or strategy to guide our ESG report, resulting in disorganized, last-minute work. Additionally, the team exhibited an avoidance of accountability, with unclear roles and responsibilities causing a diffusion of responsibility during the work on the report. Finally, the dismissive comment, "this was good work," reflects an inattention to results, indicating a focus on task completion rather than the quality of the outcome. These dysfunctions collectively undermined our team's effectiveness and highlighted areas for improvement in trust, communication, and accountability.

Conclusion & derived Action Plan: In this critical incident, my hyper-independence influenced my behaviour and the overall team dynamic. By avoiding conflict and internalizing my frustrations, I did maintain an independent stance, which then limited effective communication and collaboration within the group. This hyper-independence can create barriers to teamwork in the workplace, as it can prevent me from fully engaging with the group, seeking help, or expressing concerns openly. To improve my future group interactions, I will practice more open communication, embrace interdependence, and recognize the value of relying on and engaging with team members (Newport Institute 2022). This approach can foster a more supportive and effective team environment.

Conclusion & Reflection on Future Teamwork

Reflecting on both critical incidents, several key insights and actionable steps emerge to enhance my effectiveness in future teamwork. These experiences have underscored the importance of trust, communication, and accountability within a team, as well as the personal need to address my hyper-independence.

Both incidents highlighted a significant absence of trust and a fear of conflict within the team, which led to ineffective decision-making and unnecessary tensions (Joosr 2015). In the first incident, the lack of trust and communication among team members, particularly between me and the head of operations, prevented us from fully exploring and understanding each other's perspectives. Similarly, in the second incident, the group's reluctance to openly discuss the risks of delaying the ESG report until the last minute resulted in unnecessary stress and compromised the quality of our work. To address these issues, I must foster an environment of openness and trust within future teams. This involves being more transparent about my ideas and the reasoning behind them, as well as openly inviting feedback and criticism from others.

My tendency towards hyper-independence emerged as significant barriers to effective teamwork in both incidents. In the operational cost debate, I avoided directly addressing my frustrations with the head of operations, which only worsened tensions and led to a breakdown in communication. In the ESG report dilemma, my reluctance to voice concerns about the decision to delay the work, combined with my preference to do most of the tasks myself, limited the team's effectiveness and created additional stress for me. To improve future teamwork, I need to address these tendencies and develop more collaborative behaviours. By addressing the issues, I can become a more effective team member. The lessons learned from these experiences underscore the importance of trust, communication, accountability, and emotional intelligence in successful teamwork.

Bibliography

Akinpelu, Akin. 2024. “Council Post: Harnessing Teamwork for Greater Productivity.” Forbes. Forbes Magazine. February 6, 2024. https://www.forbes.com/councils/forbescoachescouncil/2024/02/06/harnessing-teamwork-for-greater-productivity/.

Bar Am, Jordan, Vinit Doshi, Steve Noble, Anandi Malik, and Sherry Frey. 2023. “Consumers Care about Sustainability-and Back It up with Their Wallets.” McKinsey & Company. McKinsey & Company. February 6, 2023. https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/consumers-care-about-sustainability-and-back-it-up-with-their-wallets.

Barney, Jay. 1991. “Firm Resources and Sustained Competitive Advantage.” *Journal of Management* 17 (1): 99–120. https://doi.org/10.1177/014920639101700108.

Bauer, Jennifer. 2020. “The ‘Do It All Myself’ Mentality That’s Born from Trauma & Feeling Unworthy. | Elephant Journal.” Elephant Journal. Waylon H. Lewis Enterprises. November 8, 2020. https://www.elephantjournal.com/2020/11/how-to-spot-shift-the-do-it-all-myself-syndrome/.

BBC. 2024. “Product Life Cycle – Extension Strategies - Product - EDUQAS - GCSE Business Revision - Eduqas - BBC Bitesize.” BBC News. BBC. 2024. https://www.bbc.co.uk/bitesize/guides/z76ggwx/revision/3.

Brassey, Jacqueline, and Aaron De Smet. 2023. “How to Become More Adaptable in Challenging Situations.” Harvard Business Review. March 3, 2023. https://hbr.org/2023/03/how-to-become-more-adaptable-in-challenging-situations.

Bueno, BJ. 2024. “Ducati’s Strategic Moves in 2024.” Cultbranding.Com. June 5, 2024. https://cultbranding.com/ceo/ducatis-strategic-moves-in-2024/.

Burkacky, Ondrej, Johannes Deichmann, Michael Guggenheimer, and Martin Kellner. 2023. "Outlook on the Automotive Software and Electronics Market through 2030." McKinsey & Company. McKinsey & Company. January 3, 2023. https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/mapping-the-automotive-software-and-electronics-landscape-through-2030.

Channell, Matthew. 2023. "Gibbs Reflective Cycle – A Practical Guide." TSW Training. November 14, 2023. https://www.tsw.co.uk/blog/leadership-and-management/gibbs-reflective-cycle/.

Christensen, Clayton M., Michael E. Raynor, and Rory McDonald. 2015. "What Is Disruptive Innovation?" Harvard Business Review. December 2015. https://hbr.org/2015/12/what-is-disruptive-innovation.

Cornet, Andreas, Ruth Heuss, Patrick Schaufuss, and Andreas Tschiesner. 2023. "A Road Map for Europe's Automotive Industry." McKinsey & Company. McKinsey & Company. August 31, 2023. https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/a-road-map-for-europes-automotive-industry.

Cote, Catherine. 2020. "5 Strategy Frameworks & Tools You Can Use Right Now." Business Insights Blog. December 10, 2020. https://online.hbs.edu/blog/post/strategy-frameworks-and-tools.

Cottrell, Robert. 2013. "Innovation Lessons Tesla Motors Style." BBC News. BBC. May 24, 2013. https://www.bbc.com/future/article/20130524-innovation-lessons-tesla-style.

Crownhart, Casey. 2022. "Why Evs Won't Replace Hybrid Cars Anytime Soon." MIT Technology Review. MIT Technology Review. December 22, 2022. https://www.technologyreview.com/2022/12/22/1065830/why-evs-wont-replace-hybrid-cars-anytime-soon/.

Cunha, Rita, and Nalina Kará. 2024. "BIP - HRM Lecture." Lecture, June 14.

David, Fred R., Forest R. David, and Meredith E. David. 2022. *Strategic Management: A Competitive Advantage Approach, Concepts and Cases*. Harlow: Pearson Education.

DeakinCo. 2023. "Key Elements of Effective Teamwork." DeakinCo. August 4, 2023. https://deakinco.com/resource/key-elements-of-effective-teamwork/.

Deloitte. 2024a. "Face the Challenge and Plan for the Future, Advices to Auto Industry on Human Capital Planning during the Epidemic." Deloitte China. 2024. https://www2.deloitte.com/cn/en/pages/consumer-business/articles/consumer-ncp-auto-report.html.

Deloitte. 2024b. "Sustainability & Consumer Behaviour 2023." Deloitte United Kingdom. 2024. https://www.deloitte.com/uk/en/Industries/consumer/research/sustainable-consumer.html.

Dhawan, Rajat, Russell Hensley, Asutosh Padhi, and Andreas Tschiesner. 2019. "Mobility's Second Great Inflection Point." McKinsey & Company. McKinsey & Company. February 23, 2019. https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/mobilitys-second-great-inflection-point.

Doucette, Reed, Russell Hensley, Hans-Werner Kaas, and Moritz Rittstieg. 2020. "Winning the Race for Talent: A Road Map for the Automotive Industry." McKinsey & Company. McKinsey & Company. February 2020. https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/winning-the-race-for-talent-a-road-map-for-the-automotive-industry.

Dror, Maya Ben, and Oren Ezer. 2022. "Why We Need to Invest in Infrastructure for Electric Vehicles." World Economic Forum. March 1, 2022. https://www.weforum.org/agenda/2022/03/why-invest-infrastructure-electric-vehicles/.

Duhigg, Charles. 2016. “What Google Learned from Its Quest to Build the Perfect Team.” The New York Times. The New York Times. February 25, 2016. https://www.nytimes.com/2016/02/28/magazine/what-google-learned-from-its-quest-to-build-the-perfect-team.html.

European Commission. 2024. “Incentives and Legislation.” European Alternative Fuels Observatory. 2024. https://alternative-fuels-observatory.ec.europa.eu/transport-mode/road/germany/incentives-legislations.

Ewing, Jack, and Ivan Penn. 2021. “The Auto Industry Bets Its Future on Batteries.” The New York Times. The New York Times. February 16, 2021. https://www.nytimes.com/2021/02/16/business/energy-environment/electric-car-batteries-investment.html.

Forbes Business Council. 2022. “Council Post: 15 Expert-Recommended Strategies for Keeping up with an Ever-Changing Market.” Forbes. Forbes Magazine. April 29, 2022. https://www.forbes.com/councils/forbesbusinesscouncil/2022/04/29/15-expert-recommended-strategies-for-keeping-up-with-an-ever-changing-market/.

Furr, Nathan, and Jeff Dyer. 2020. “Lessons from Tesla’s Approach to Innovation.” Harvard Business Review. February 12, 2020. https://hbr.org/2020/02/lessons-from-teslas-approach-to-innovation.

Future Business Tech. 2021. “The S-Curve Pattern of Innovation: A Full Analysis.” Future Business Tech. April 20, 2021. https://www.futurebusinesstech.com/blog/the-s-curve-pattern-of-innovation-a-full-analysis.

Gi Group Holding. 2024. Rep. *Automotive Global HR Trends*. Gi Group Holding.

Gomes, Emanuel. 2024. “Competition Dynamics in the Global Car Industry.” Lecture, June 11.

Gordon, J. Mance. 2024. “Porter’s Generic Strategies - Explained.” The Business Professor, LLC. April 21, 2024. https://thebusinessprofessor.com/en_US/business-management-amp-operations-strategy-entrepreneurship-amp-innovation/porters-generic-strategies.

Gordon, Robert. 2023. “Why It’s Necessary to Improve Team Communication: American Public University.” APU. July 12, 2023. https://www.apu.apus.edu/area-of-study/business-and-management/resources/why-it-is-necessary-to-improve-team-communication/.

Haas, Martine, and Mark Mortensen. 2016. “The Secrets of Great Teamwork.” *HARVARD BUSINESS REVIEW* 94 (6): 70–76. http://widgets.ebscohost.com/prod/customlink/proxify/proxify.php?count=1&encode=0&proxy=&find_1=&replace_1=&target=https://search.ebscohost.com/login.aspx?direct=true&site=eds-live&scope=site&db=edswss&AN=000376222100023&authtype=sso&custid=s1020420.

Han, Will, Asad Husain, Srikant Inampudi, Brian Loh, Yogesh Malik, and Samuel Stone. 2022. “Ice Businesses: Navigating the Energy-Transition Trend within Mobility.” McKinsey & Company. McKinsey & Company. March 14, 2022. https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/ice-businesses-navigating-the-energy-transition-trend-within-mobility.

Howell, Ann. 2021. “How to Build Confidence at Work.” Harvard Business Review. August 9, 2021. https://hbr.org/2021/08/how-to-build-confidence-at-work.

Hunter, Rosalind. 2021. “Differential Pricing: What Is It and How to Use This Pricing Strategy Effectively.” Commercial Growth Consulting. October 10, 2021. https://www.simon-kucher.com/en/insights/differential-pricing-what-it-and-how-use-pricing-strategy-effectively.

Hydrogen Central. 2024. “BMW Says Goodbye to Electric Cars; It Has Now Solved the Problem of Hydrogen Engines - Mes.” Hydrogen Central. January 30, 2024. https://hydrogen-central.com/bmw-says-goodbye-to-electric-cars-it-has-now-solved-the-problem-of-hydrogen-engines-mes/.

IndustryMasters. 2024. “Nova SBE.” IndustryMasters. 2024. Accessed September 2, 2024. https://novasbe.industrymasters.com.

Joosr. 2015. *A Joosr Guide To... The Five Dysfunctions of a Team by Patrick Lencioni : A Leadership Fable*. Joosr Guide To. Clitheroe: Joosr. http://widgets.ebscohost.com/prod/customlink/proxify/proxify.php?count=1&encode=0&proxy=&find_1=&replace_1=&target=https://search.ebscohost.com/login.aspx?direct=true&site=eds-live&scope=site&db=nlebk&AN=1364519&authtype=sso&custid=s1020420.

JPMorgan Chase & Co. 2024. “Automotive Innovation Outlook: J.P. Morgan Research.” Automotive Innovation Outlook | J.P. Morgan Research. 2024. https://www.jpmorgan.com/insights/global-research/autos/automotive-innovation.

Kelly, Jack. 2020. “Most Managers Aren’t That Great during the Good Times-Here’s What They Must Do to Lead Their Teams during the Really Bad Times.” Forbes. Forbes Magazine. October 13, 2020. https://www.forbes.com/sites/jackkelly/2020/10/13/most-managers-arent-that-great-during-the-good-times-heres-what-they-must-do-to-lead-their-teams-during-the-really-bad-times/.

Kenton, Will. 2024. “What Is Groupthink? Definition, Characteristics, and Causes.” Investopedia. Investopedia. June 12, 2024. https://www.investopedia.com/terms/g/groupthink.asp.

Komm, Asmus, Florian Pollner, Bill Schaninger, and Surbhi Sikka. 2021. “The New Possible: How HR Can Help Build the Organization of the Future.” McKinsey & Company. McKinsey & Company. March 12, 2021. https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/the-new-possible-how-hr-can-help-build-the-organization-of-the-future.

Lencioni, Patrick. 2005. *Overcoming the Five Dysfunctions of a Team: A Field Guide for Leaders, Managers, and Facilitators*. https://ci.nii.ac.jp/ncid/BA72083448.

Levitt, Theodore. 1965. “Exploit the Product Life Cycle.” Harvard Business Review. November 1965. https://hbr.org/1965/11/exploit-the-product-life-cycle.

Lowry, Don. n.d. “Discover True Colors Trainings: Global Consulting & Training Company.” Discover True Colors Trainings | Global Consulting & Training Company. Accessed August 14, 2024. https://www.truecolorsintl.com/about.

Lyon, Peter. 2024. “Mercedes Is Redirecting R&D Money Away from EVS toward Gas Engines.” Forbes. Forbes Magazine. June 29, 2024. https://www.forbes.com/sites/peterlyon/2024/06/29/mercedes-is-redirecting-rd-money-away-from-evs-towards-gas-engines/.

McKinsey & Company. 2024. “Our Automotive & Assembly Insights.” McKinsey & Company. 2024. Accessed September 2, 2024. https://www.mckinsey.com/industries/automotive-and-assembly/our-insights.

McKnight, Lena, and Stefan Fahrni. 2024. “A More Compressive Framework Is Needed for Sustainability in the Automotive Industry.” World Economic Forum. May 2, 2024. https://www.weforum.org/agenda/2024/05/how-to-navigate-sustainability-in-the-automotive-industry/.

McMullan, Graham. 2024. “The Domino Effect: Time Poor Leadership and Its Consequences on Teams.” Helping People to Learn, Develop & Progress at Work. WorkplaceHero. April 3, 2024. https://workplacehero.co.uk/blog/the-domino-effect-time-poor-leadership-and-its-consequences-on-teams.

Michelson, Joan. 2022. “7 Reasons There Are Few Women in Automotive Leadership: New Research.” Forbes. Forbes Magazine. January 28, 2022. https://www.forbes.com/sites/joanmichelson2/2022/01/28/7-reasons-there-are-few-women-in-automotive-leadership--new-research/.

Miller, Kelsey. 2020. “The Triple Bottom Line: What It Is & Why It’s Important.” Business Insights. Havard Business School. December 8, 2020. https://online.hbs.edu/blog/post/what-is-the-triple-bottom-line.

Mollman, Steve. 2024. “The World’s Top Carmaker Got Mocked for Rejecting EV Hype-Not Anymore. ’I Want to Congratulate Toyota’ .” Fortune. Fortune. February 9, 2024. https://fortune.com/2024/02/08/toyota-hybrid-vehicles-carmakers-strategy-electric-vehicles-hype/.

National Geographic. 2024. “Vasco Da Gama.” National Geographic. 2024. https://www.nationalgeographic.de/geschichte-und-zivilisation/vasco-da-gama.

Newport Institute. 2023. “What Is Hyper-Independence Trauma in Young Adults?” Newport Institute. 2023. https://www.newportinstitute.com/resources/mental-health/hyper-independence-trauma/.

Noonan Hadley, Constance, and Mark Mortensen. 2022. “Do We Still Need Teams?” *Harvard Business Review Digital Articles*, April, 1–7. http://widgets.ebscohost.com/prod/customlink/proxify/proxify.php?count=1&encode=0&proxy=&find_1=&replace_1=&target=https://search.ebscohost.com/login.aspx?direct=true&site=eds-live&scope=site&db=bth&AN=156740885&authtype=sso&custid=s1020420.

Organ, Christine. 2024. “Workforce Planning: Definition & Best Practices.” Forbes. Forbes Magazine. February 11, 2024. https://www.forbes.com/advisor/business/workforce-planning/.

Perry, Mark J. 2015. “The Public Thinks the Average Company Makes a 36% Profit Margin, Which Is about 5x Too High | American Enterprise Institute - AEI.” American Enterprise Institute. April 2, 2015. https://www.aei.org/carpe-diem/the-public-thinks-the-average-company-makes-a-36-profit-margin-which-is-about-5x-too-high/.

Pietrangelo, Ann. 2020. “Yerkes-Dodson Law: How It Correlates to Stress, Anxiety, Performance.” Healthline. Healthline Media. October 22, 2020. https://www.healthline.com/health/yerkes-dodson-law.

Pinto Fernandes, Miguel. 2024. “Leading Yourself.” Lecture, June 13.

Porter, Michael E. 1979. “How Competitive Forces Shape Strategy.” Harvard Business Review. March 1979. https://hbr.org/1979/03/how-competitive-forces-shape-strategy.

Porter, Michael E., and Mark R. Kramer. 2011. “Creating Shared Value.” Harvard Business Review. January 2011. https://hbr.org/2011/01/the-big-idea-creating-shared-value.

PricewaterhouseCoopers. 2024a. “Capabilities-Driven Strategy + Growth.” PwC. 2024. https://www.strategyand.pwc.com/gx/en/unique-solutions/capabilities-driven-strategy.html.

PricewaterhouseCoopers. 2024b. “Sustainability in the Automotive Industry.” PwC. 2024. https://www.pwc.de/en/sustainability/sustainability-in-the-automotive-industry.html.

Qadir, Sikandar Abdul, Furkan Ahmad, Abdulla Mohsin A B Al-Wahedi, Atif Iqbal, and Amjad Ali. 2024. “Navigating the Complex Realities of Electric Vehicle Adoption: A Comprehensive Study of Government Strategies, Policies, and Incentives.” *Energy Strategy Reviews* 53 (May). https://doi.org/10.1016/j.esr.2024.101379.

Robert Half. 2024. “The High Cost of Low Salaries: Why Paying a Competitive Salary Is Important.” Robert Half. Robert Half. July 9, 2024. https://www.roberthalf.com/au/en/insights/management-tips/high-cost-low-salaries-why-paying-competitive-salary-important.

Saylor Academy. 2012. “Chapter 1: Mastering Strategy: Art and Science.” Mastering Strategic Management. Saylor Academy. 2012. https://saylordotorg.github.io/text_mastering-strategic-management/index.html.

Schooley, Skye. 2023. “How to Be a Good Manager.” Business News Daily. October 24, 2023. https://www.businessnewsdaily.com/6129-good-manager-skills.html.

Schooley, Skye. 2024. “What Is a SWOT Analysis? How to Use It for Business.” Business News Daily. January 3, 2024. https://www.businessnewsdaily.com/4245-swot-analysis.html.

Shannon, Amy. 2017. “What Do You Lose When Teamwork Fails?” Kent State University. June 28, 2017. https://www.kent.edu/yourtrainingpartner/what-do-you-lose-when-teamwork-fails.

Skeete, Tremis. 2023. “Product Differentiation: Innovation Strategies and Tactics Explained.” Medium. Product Coalition. January 24, 2023. https://productcoalition.com/product-differentiation-by-innovation-strategies-and-tactics-explained-b6fd4db7190a.

SMMT. 2017. “Environment.” SMMT. July 10, 2017. https://www.smmt.co.uk/industry-topics/environment/.

Stricker, Klaus, and Pedro Correa. 2024. “Automotive Profitability: How OEM and Supplier Margins Are Faring.” Bain & Company. June 21, 2024. https://www.bain.com/insights/automotive-profitability-how-oem-and-supplier-margins-are-faring-interactive/.

Stuckenbruck, Linn C. 1979. “The Matrix Organization.” Project Management Institute. September 1979. https://www.pmi.org/learning/library/matrix-organization-structure-reason-evolution-1837.

Thompson, Andrew. 2024. “Toyota’s Generic Competitive Strategy & Growth Strategies.” Panmore Institute. March 17, 2024. https://panmore.com/toyota-generic-strategy-intensive-growth-strategies.

Toegel, G., and J.-L. Barsoux. 2016. “How to Preempt Team Conflict.” *Harvard Business Review* 94 (6): 78–83, 117–83, 117. http://widgets.ebscohost.com/prod/customlink/proxify/proxify.php?count=1&encode=0&proxy=&find_1=&replace_1=&target=https://search.ebscohost.com/login.aspx?direct=true&site=eds-live&scope=site&db=edselc&AN=edselc.2-52.0-85047588562&authtype=sso&custid=s1020420.

Toyota Motor Corporation. 2017. “The Evolution of the Prius.” Toyota Motor Corporation Official Global Website. August 4, 2017. https://global.toyota/en/prius20th/evolution/.

Tunley Environmental. 2024. “5 Key Benefits of Sustainability Training.” Tunley Environmental. Tunley Environmental. 2024. https://www.tunley-environmental.com/en/insights/5-key-benefits-of-sustainability-training.

Twin, Alexandra. 2024. “Disruptive Innovation: Meaning and Examples.” Investopedia. Investopedia. June 20, 2024. https://www.investopedia.com/terms/d/disruptive-innovation.asp.

Vernon, Raymond. 1966. “International Investment and International Trade in the Product Cycle.” *Quarterly Journal of Economics* 80 (2): 191. https://doi.org/10.2307/1880689.

Virta Global. 2024. “The Global Electric Vehicle Market in 2024.” Virta Global. Virta Ltd. 2024. https://www.virta.global/global-electric-vehicle-market.

Washington State University. 2024. “Industry Research: Pestel Analysis.” PESTEL Analysis - Industry Research - LibGuides at Washington State University. July 30, 2024. https://libguides.libraries.wsu.edu/c.php?g=294263&p=4358409#:~:text=Reports%20and%20Trends-,What%20is%20a%20PESTEL%20Analysis%3F,organization%2C%20company%2C%20or%20industry.

Wernerfelt, Birger. 1997. “A Resource-Based View of the Firm.” *Resources, Firms, And Strategies*, December, 117–30. https://doi.org/10.1093/oso/9780198781806.003.0010.

White-Gibson, Zuri. 2022. “Trauma and Hyper-Independence: Is There a Link?” Psych Central. Psych Central. February 18, 2022. https://psychcentral.com/health/hyper-independence-trauma.

Wilson, Emily. 2020. “SAP Brandvoice: Why Now Is the Perfect Time to Invest in Human Resources.” Forbes. Forbes Magazine. September 1, 2020. https://www.forbes.com/sites/sap/2020/09/01/why-now-is-the-perfect-time-to-invest-in-human-resources/.

Yee, Lareina, Michael Chui, and Roger Roberts. 2024. “McKinsey Technology Trends Outlook 2024.” McKinsey & Company. McKinsey & Company. July 16, 2024. https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/the-top-trends-in-tech.

Appendices Table of Contents

Appendix A: List of Abbreviations

Abbreviation	Definition
BiP	Business in Practice
ESG	Environmental, Social & Governance
EV	Electric Vehicle
Fig	Figure
GHRM	Green Human Resource Management
HEV	Hybrid Electric Vehicles
HRM	Human Resource Management
ICE	Internal Combustion Engine
KPI	Key Performance Indicator
OEM	Original Equipment Manufacturer
PESTEL	Political, Economic, Social, Technical Environmental and Legal
PLC	Product Lifecycle
R&D	Research & Development
SDG	Sustainable Development Goals
SWOT	Strengths, Weaknesses, Opportunities and Threats
TBL	Triple Bottom Line
VRIO	Valuable, Rare, Inimitable, Organised

Appendix B: List of Figures (Strategy)

Figure 1: Gama's Logo

Factor	Key Insights
Political	▪ Governmental regulations on emissions and sustainability are stricter, especially in regions like the EU and U.S., forcing automakers to accelerate the shift to electric vehicles (EVs). ▪ Trade policies and tariffs between major markets (e.g., U.S.-China, EU-UK) are influencing global supply chains, impacting manufacturing costs and vehicle pricing. ▪ Incentives for green technologies such as tax breaks and subsidies are promoting the adoption of EVs and cleaner energy infrastructure.
Economic	▪ Rising inflation and interest rates have increased production costs and reduced consumer purchasing power, potentially slowing vehicle sales. ▪ Supply chain disruptions caused by semiconductor shortages and raw material constraints (e.g., lithium, cobalt) continue to impact vehicle production and delivery timelines. ▪ Growing demand for EVs as fuel prices fluctuate and sustainability concerns rise, leading to higher investments in new technologies and infrastructure.
Social	▪ Shift in consumer preferences toward sustainability and eco-friendly products is increasing demand for electric and hybrid vehicles. ▪ Urbanization and changing mobility trends, such as the growth of ride-sharing services and car subscription models, are reshaping car ownership and usage patterns. ▪ Focus on vehicle safety and connectivity as consumers demand smarter cars with in-car technologies.
Technological	▪ Advances in electric vehicle technology, particularly battery efficiency and range, are transforming the product offerings of traditional automakers. ▪ Autonomous driving technologies are progressing, with manufacturers investing heavily in self-driving cars, although regulatory and safety concerns remain. ▪ Vehicle connectivity and smart infrastructure, such as vehicle-to-everything (V2X) communication, are becoming more prevalent, enhancing road safety and driving efficiency.
Environmental	▪ Climate change regulations are pressuring automakers to adopt more sustainable practices, including reducing carbon footprints in manufacturing processes and investing in renewable energy. ▪ Growing concerns about resource scarcity, particularly the environmental impact of mining for EV batteries, are prompting companies to explore alternative materials and recycling solutions. ▪ Push for circular economy models, including vehicle recycling and the use of sustainable materials, is becoming a competitive advantage for automakers committed to green practices.
Legal	▪ Evolving emissions standards, such as Euro 7 regulations in the EU, are setting more stringent limits on CO2 and NOx emissions, pushing automakers to innovate rapidly. ▪ Intellectual property challenges related to autonomous driving, connectivity, and EV technology are creating legal disputes over patents and technology ownership. ▪ Consumer data protection laws, such as the GDPR in Europe, are becoming more relevant as vehicles become more connected and collect vast amounts of user data.

Figure 2: PESTEL analysis of Gama (Washington State University 2024) analysed based on McKinsey & Company (2024) (own illustration)

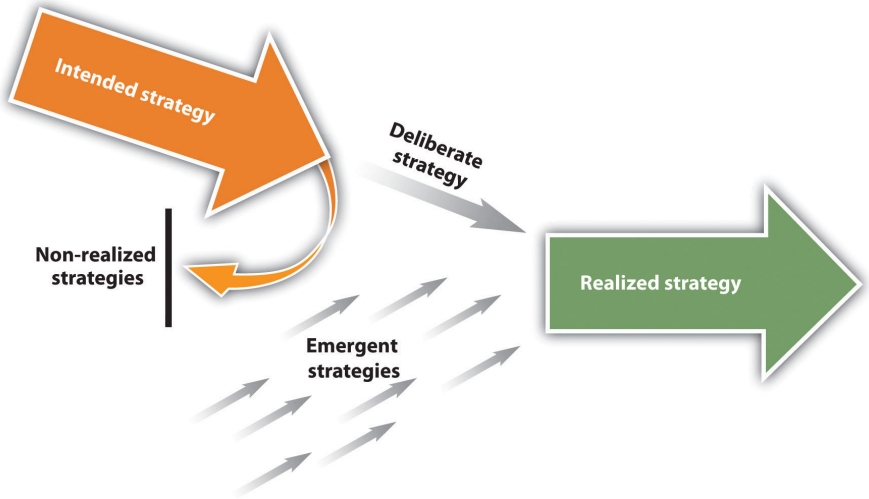


Figure 3: Illustration of relation of an intended, emergent and realized strategy (Saylor Academy 2012)

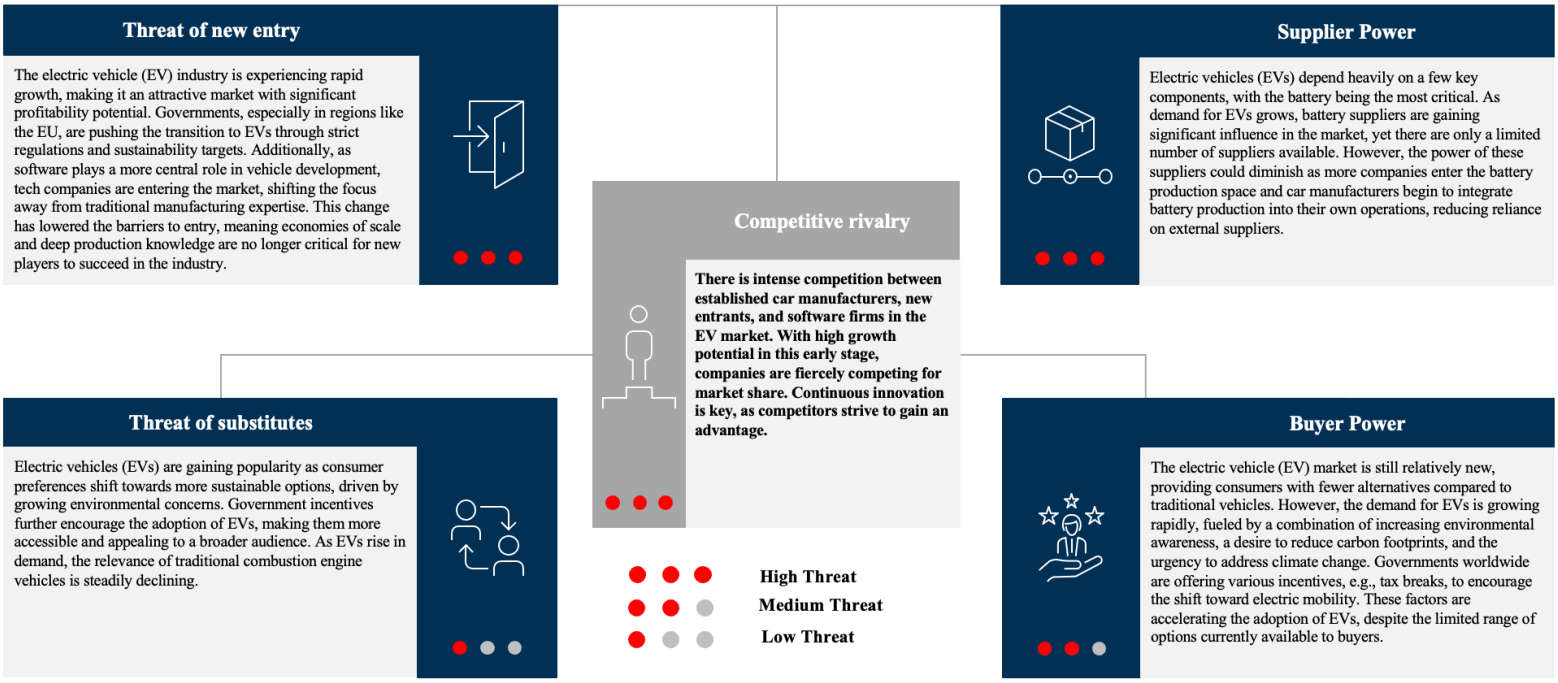


Figure 4: Porter's Five Forces analysis of EV industry (Porter 1979) analysed based on McKinsey & Company (2024) (own illustration)

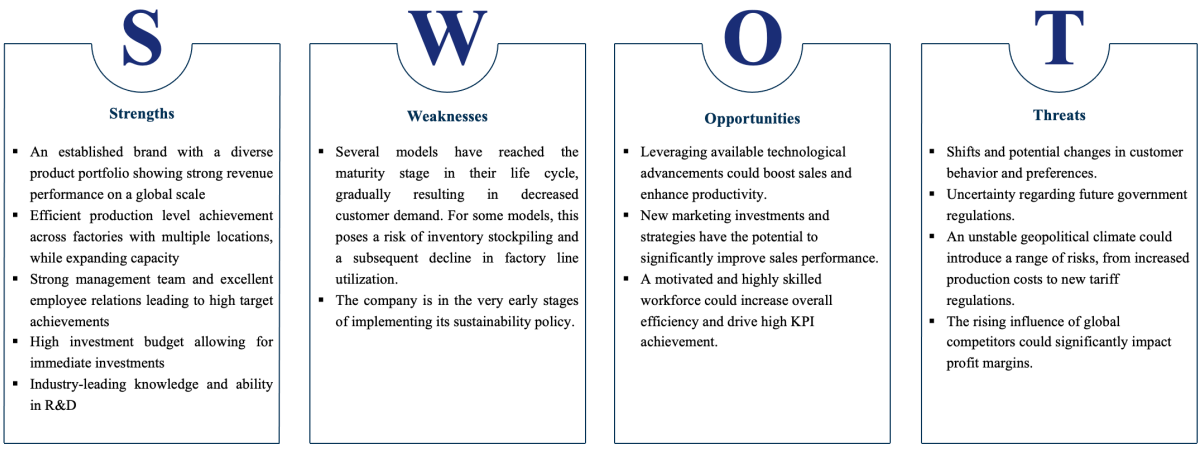


Figure 5: SWOT analysis of Gama (own illustration)

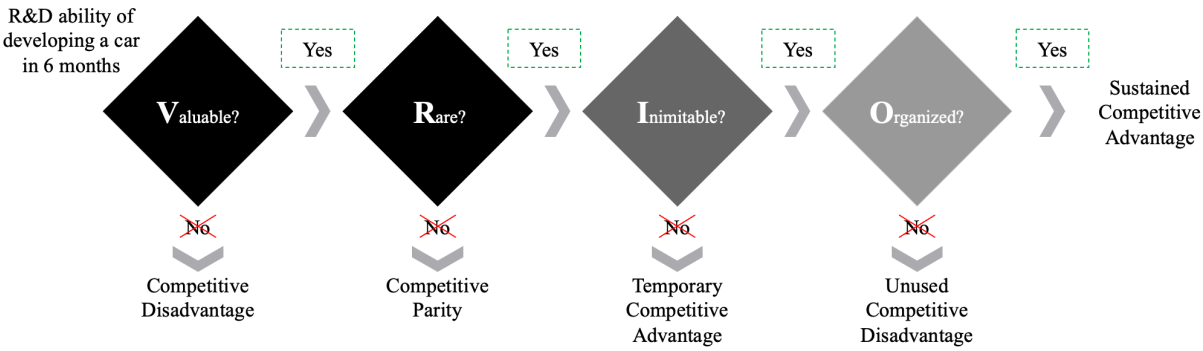


Figure 6: VRIO analysis for the R&D ability of developing cars in 6 months (own illustration)

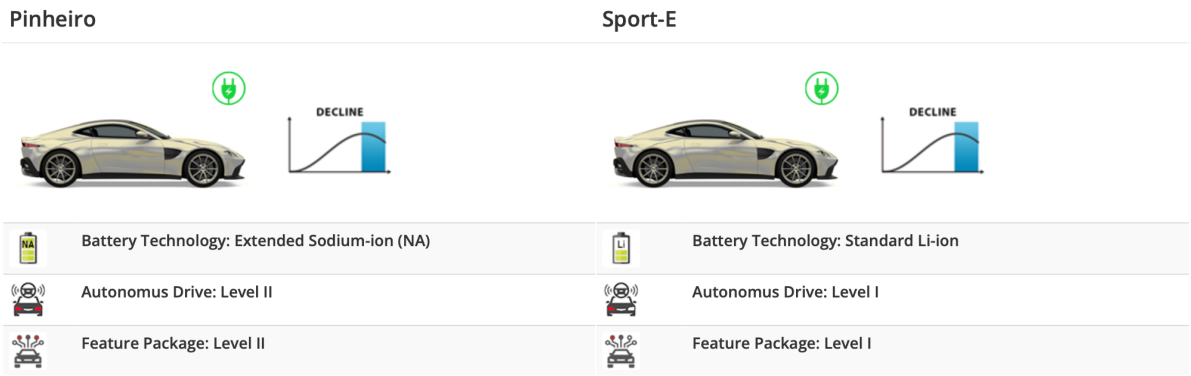


Figure 7: Car Uniqueness displayed by comparing Gama's Pinheiro and competitors Sport-E (IndustryMasters 2024)

Appendix C: List of Figures (Innovation)

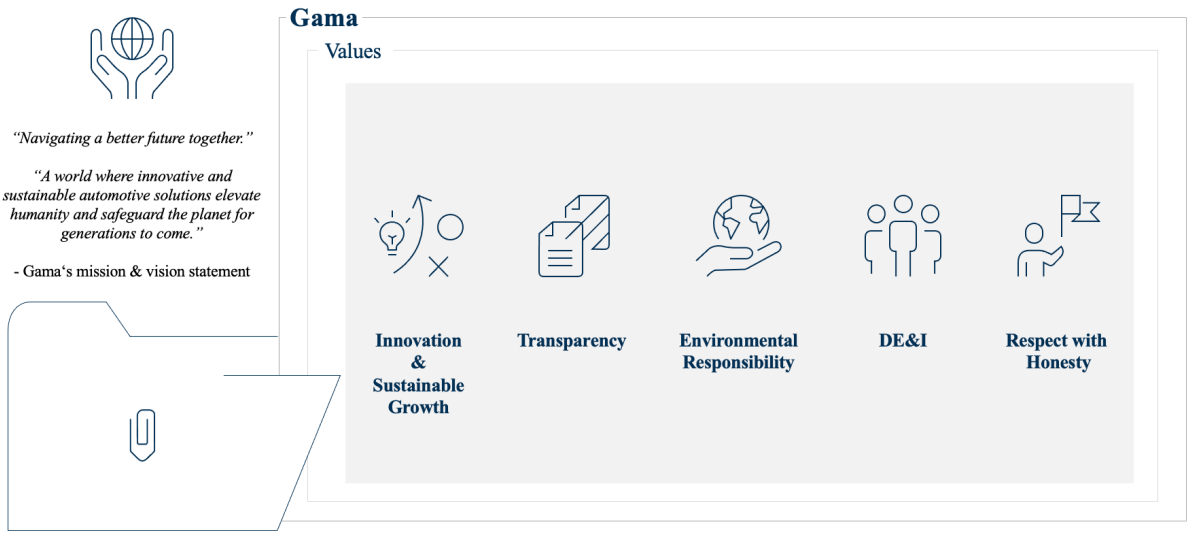


Figure 8: Gama's Mission, Vision und Core Values (own illustration)

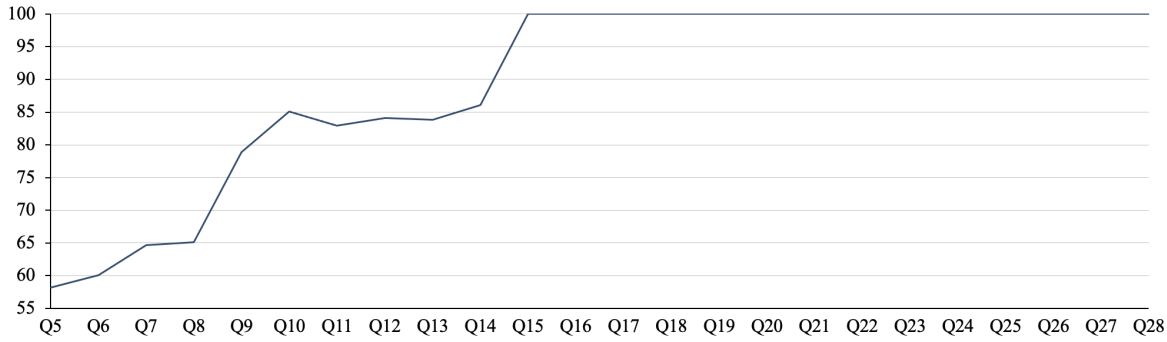


Figure 9: Fleet electrification of Gama in % (own illustration)

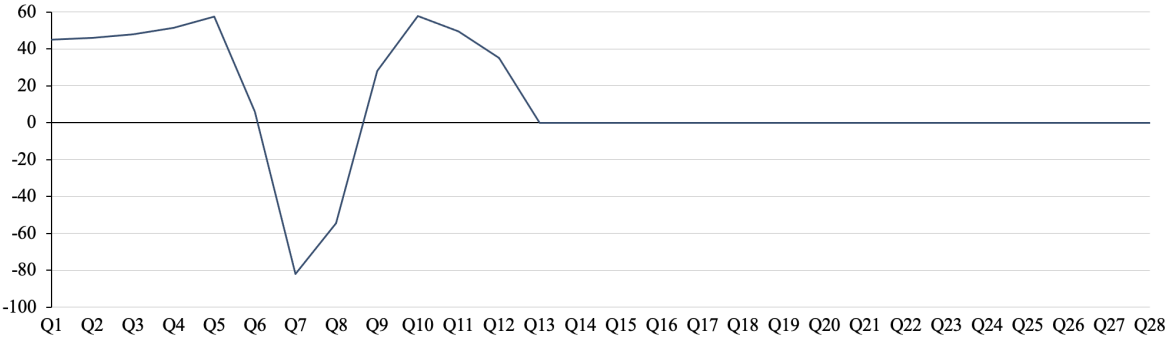


Figure 10: Gama's CO2 Penalty/Bonus in $M (own illustration)

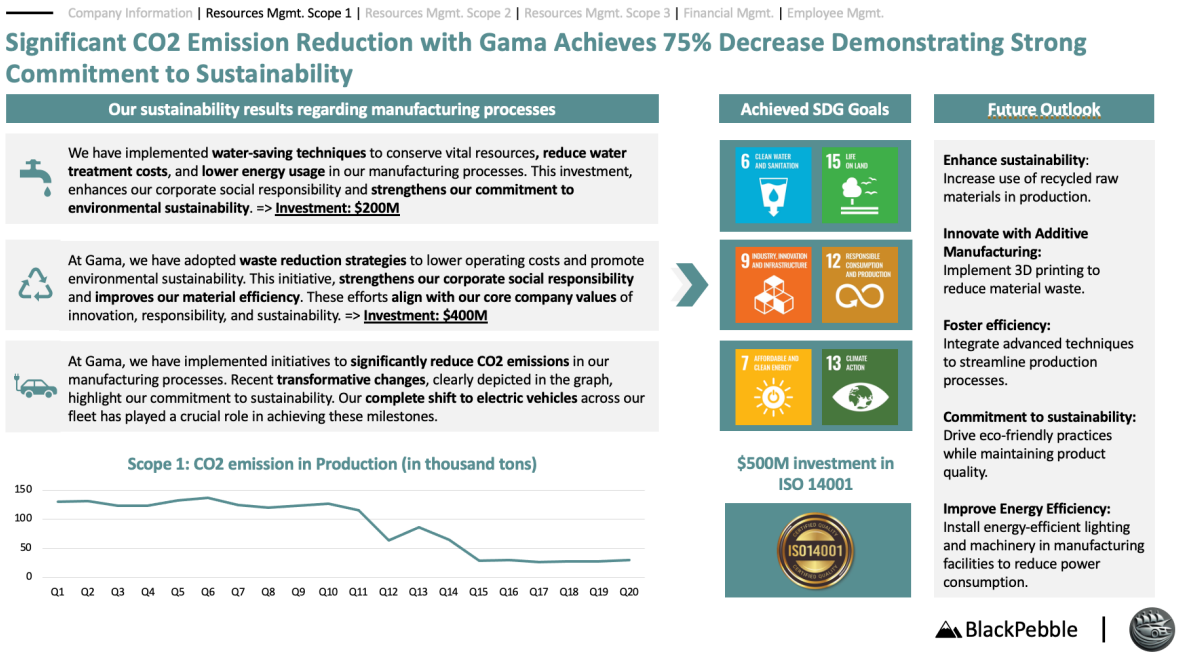


Figure 11: Implementation of United Nations' SDGs retrieved from Gama's ESG report

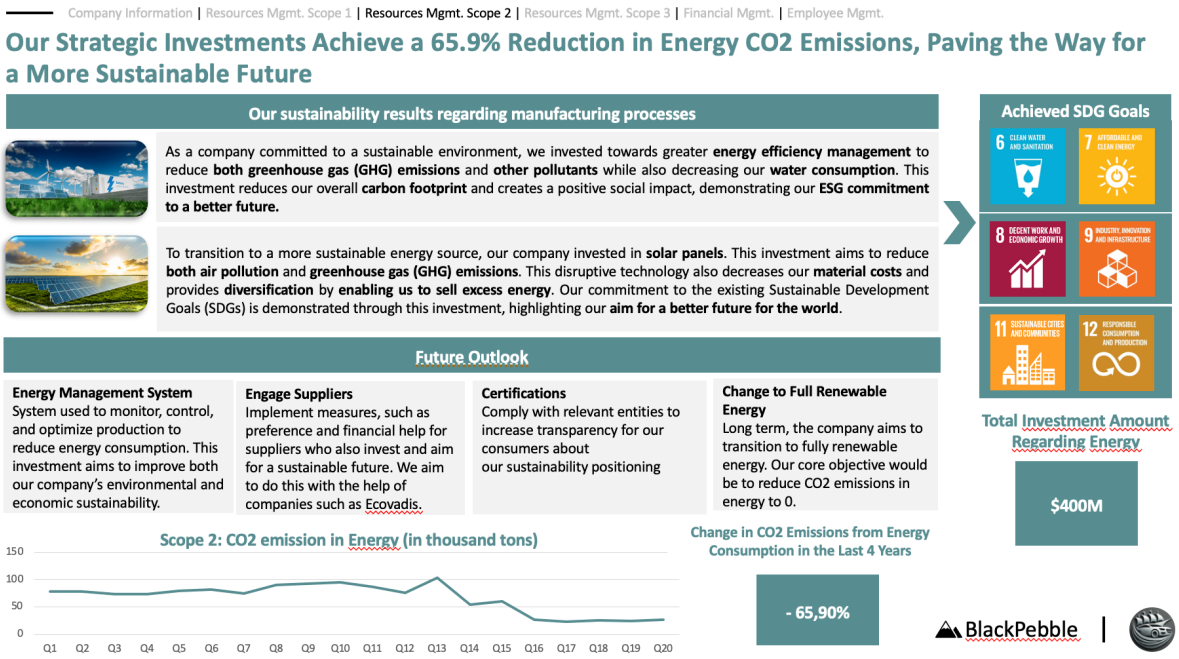


Figure 12: Implementation of United Nations' SDGs retrieved from Gama's ESG report

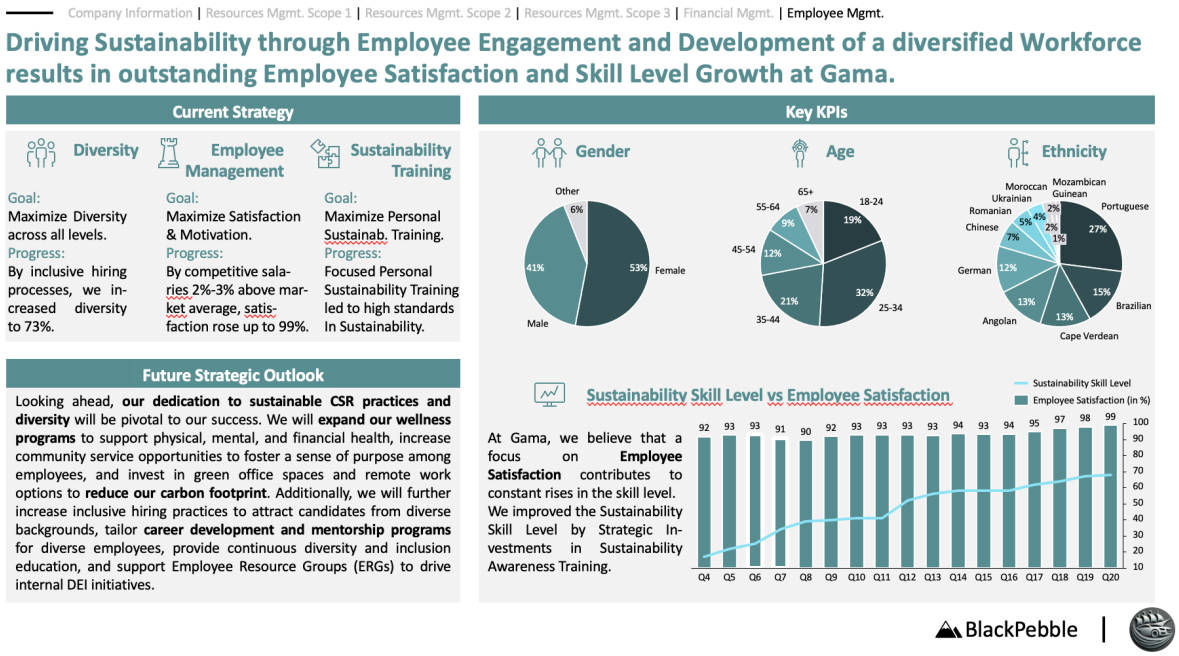


Figure 13: ESG implementation in employee management retrieved from Gama's ESG report

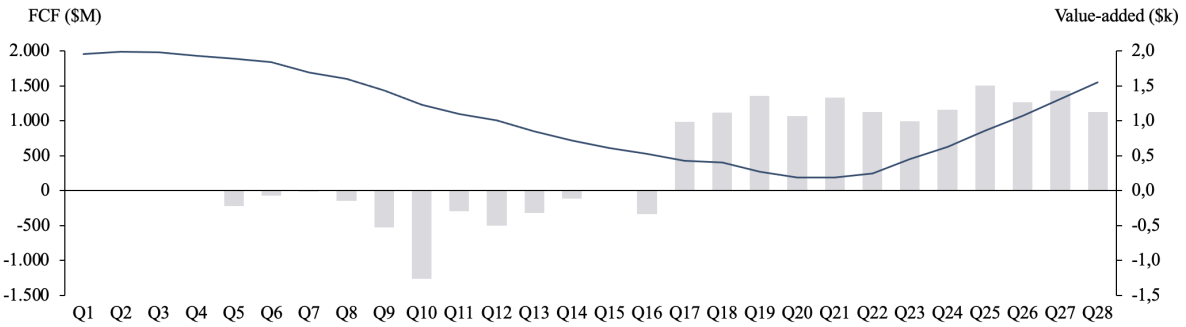


Figure 14: Free Cashflow (bars) & Value-added (line) of Gama (own illustration)

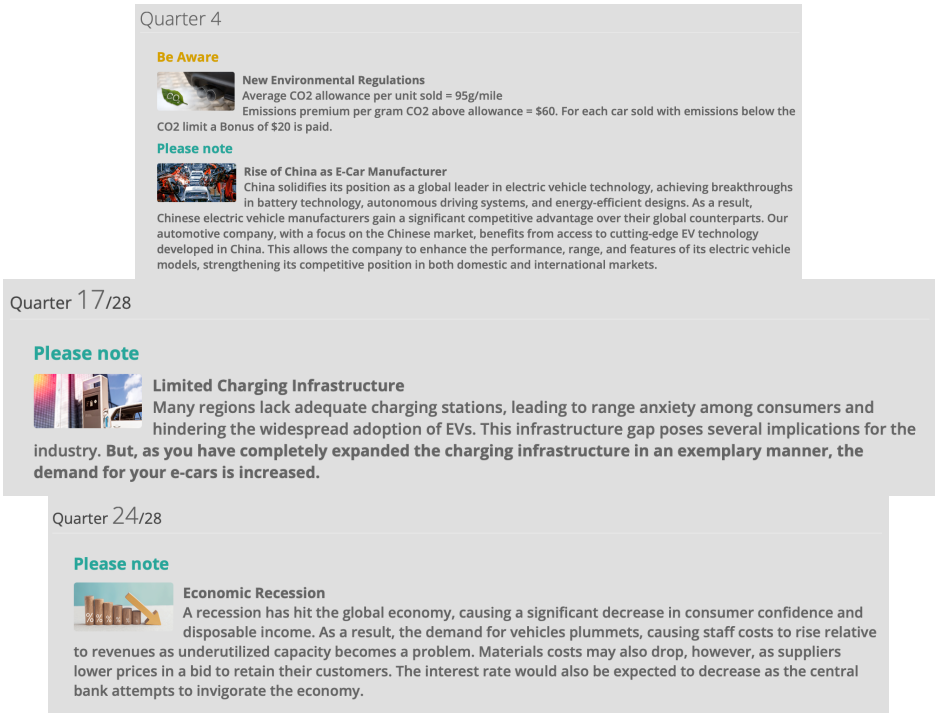


Figure 15: Specific examples of external shocks to Gama's industry (IndustryMasters 2024)

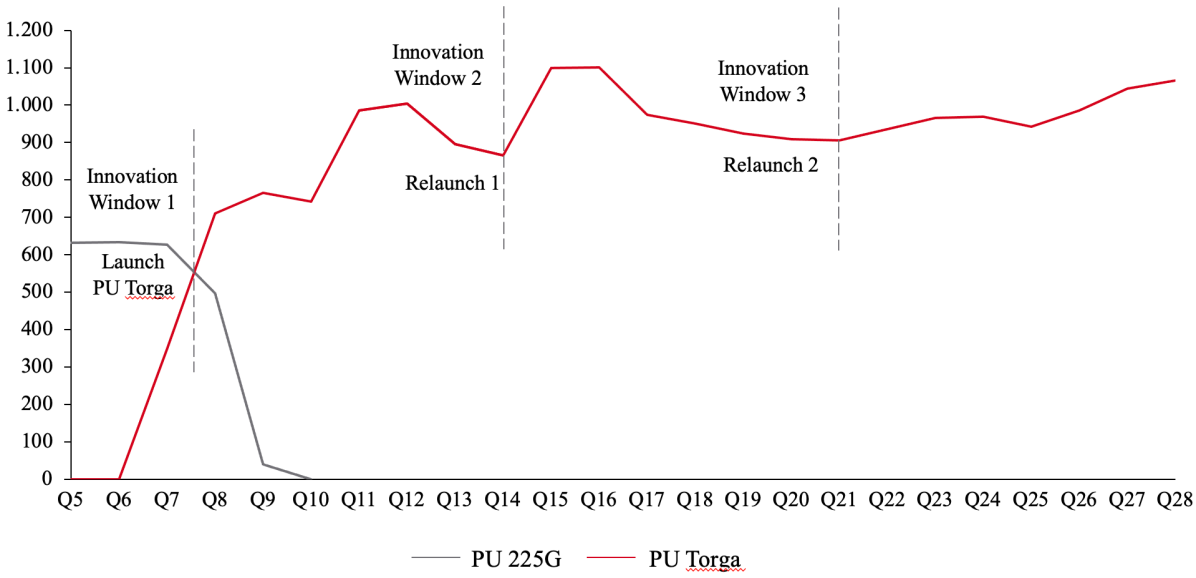


Figure 16: Product Lifecycle at the example of PU 225G & PU Torga and the respective innovation windows (Vernon 1966), portrayed at the revenue in $M (own illustration)

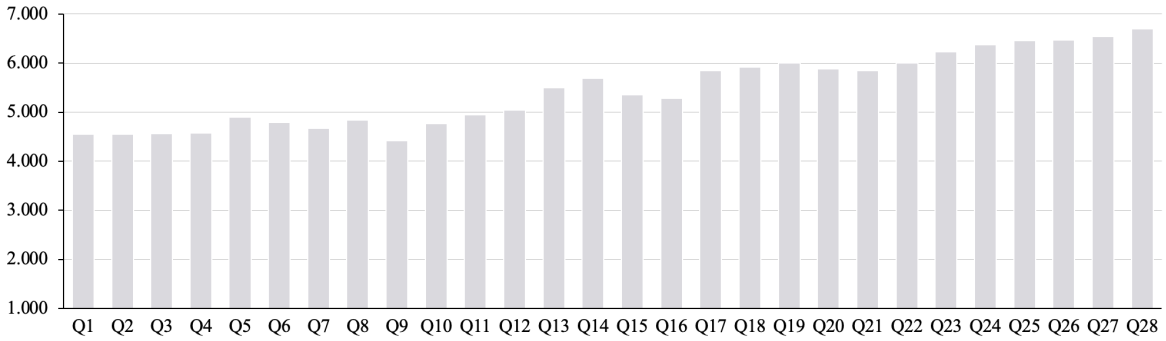


Figure 17: Revenue of Gama in $M (own illustration)

Appendix D: List of Figures (HRM)

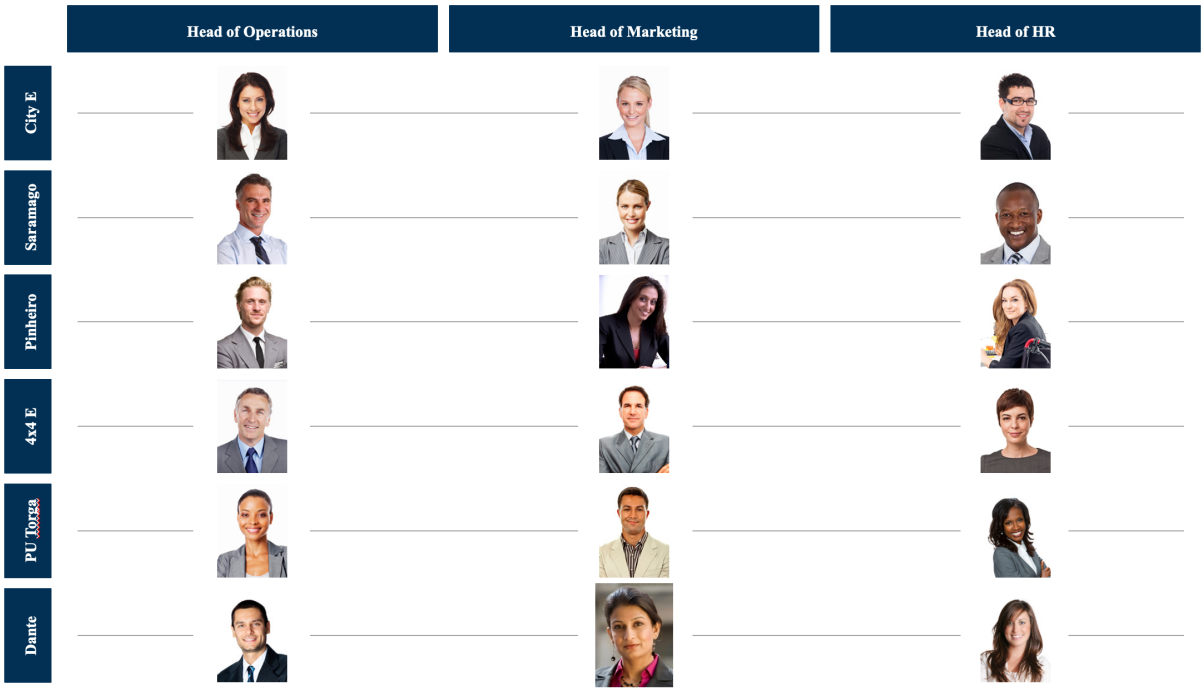


Figure 18: Matrix structure of management employees at Gama (own illustration)

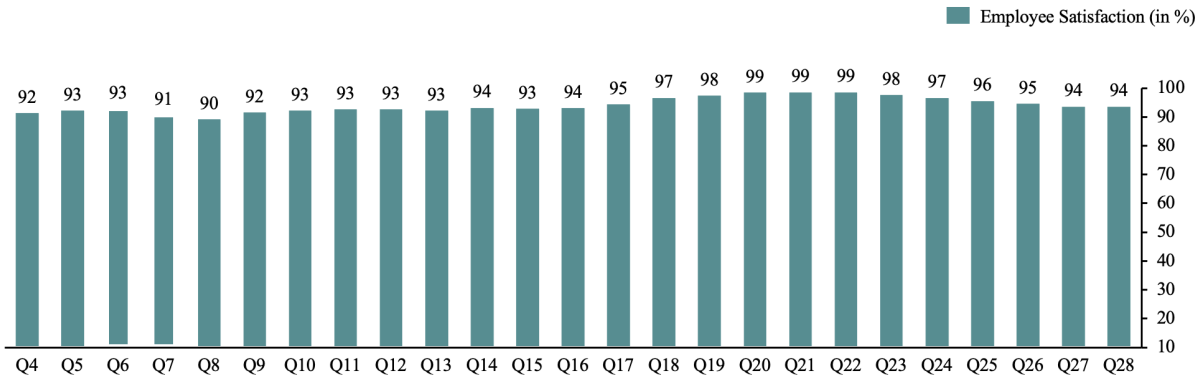


Figure 19: Employee satisfaction (own illustration)

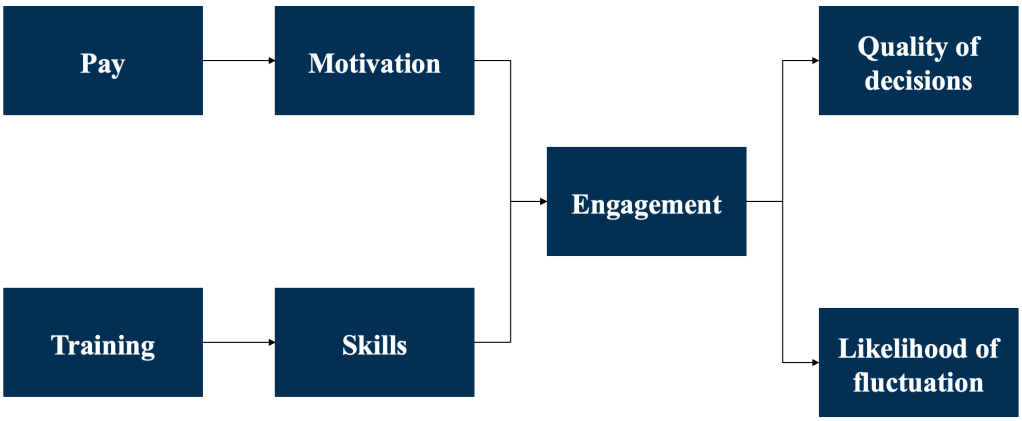


Figure 20: Effects on employee decision quality and fluctuation in the simulation

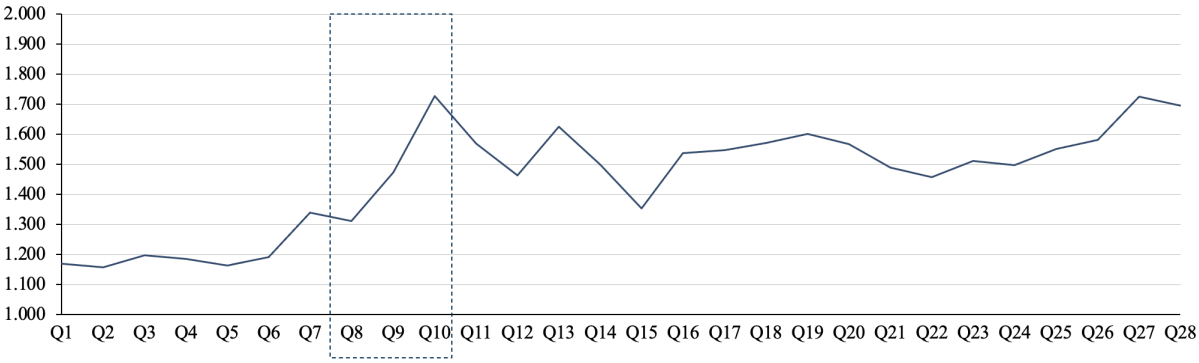


Figure 21: Staff expenses with highlight of impact after Q8 in $M (own illustration)

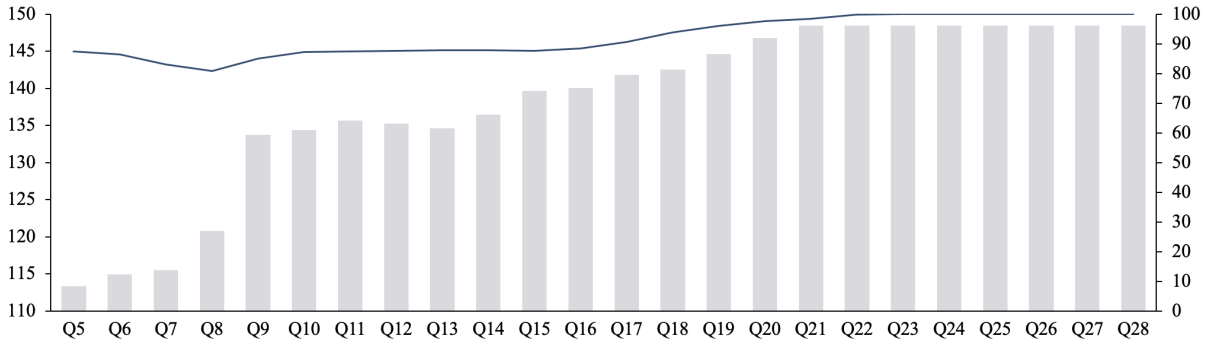


Figure 22: Management motivation in % (line) & management salary in $k (bars) (own illustration)

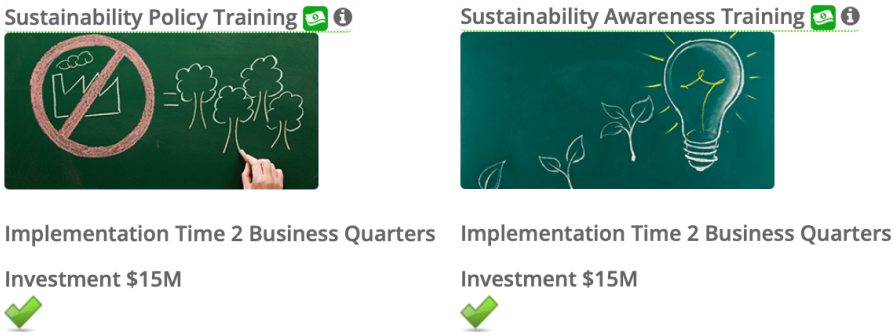


Figure 23: Provided training to employees by Gama in sustainability (IndustryMasters 2024)

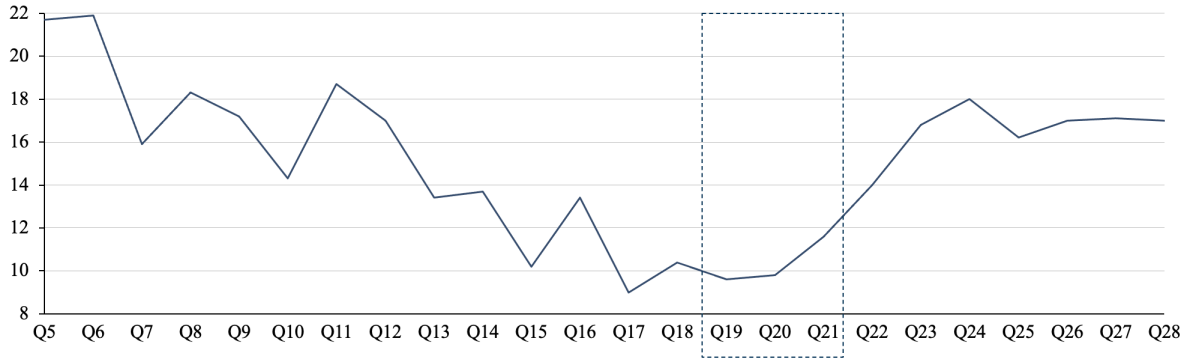


Figure 24: EBIT margin of Gama, highlighting period of change in strategy in % (own illustration)

Appendix E: List of Figures (Further Analyses)

Automaker	Target	Region
Ford	600 000 BEV sales by 2026	Europe
Volkswagen	Fully electric production by 2033	Europe
Toyota	1 500 000 BEV sales; introduce 10 new models by 2026	Global
Mazda	At least 25% of global sales to be BEV in 2030	Global
Honda	Launch 30 EV models globally by 2030	Global
Nissan	Global target of 44% EV sales by 2026, 55% by 2030	Global
Porsche	80% of sales to be electric by 2030	Europe
BMW Group	EV sales share to reach 30% by 2025, 50% by 2030	Global
Mitsubishi	100% EV sales by 2035	Global

Figure 25: Electrification targets of selected OEMs for light-duty vehicles (Virta Global 2024)

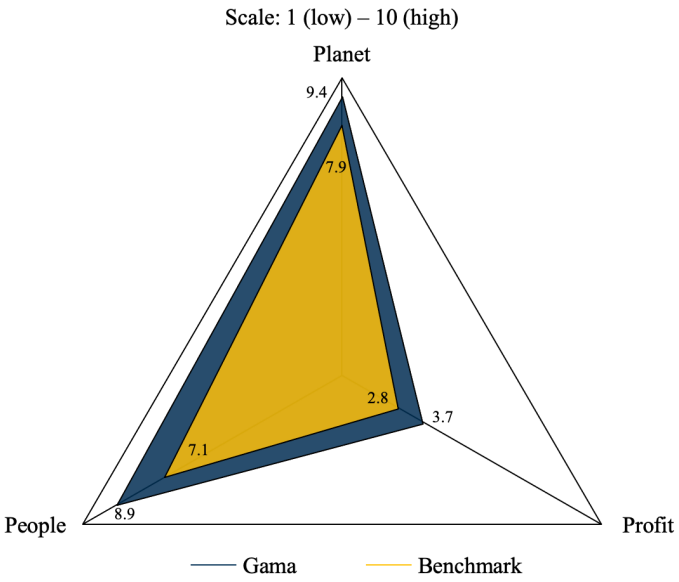


Figure 26: Average Triple Bottom Line Score of Gama and the Benchmark (own illustration)

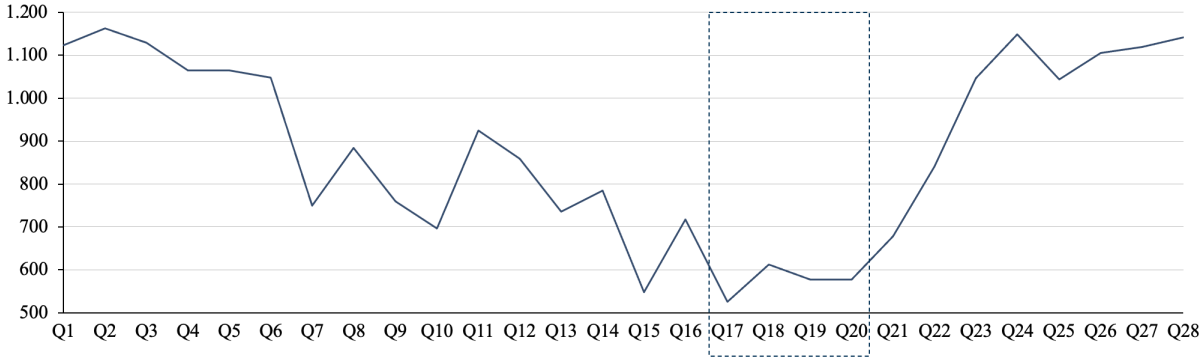
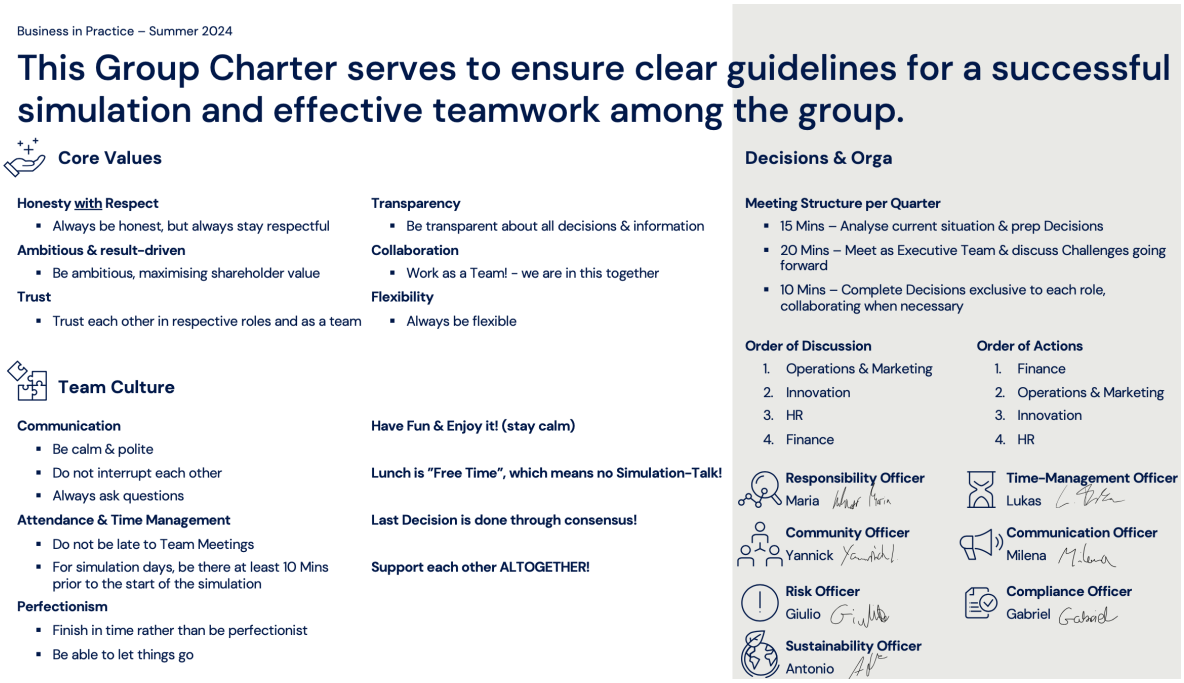


Figure 27: Operating profit of Gama, highlighting period of change in strategy in $M (own illustration)

Appendix F (Reflection Figures)



Business in Practice – Summer 2024

This Group Charter serves to ensure clear guidelines for a successful simulation and effective teamwork among the group.

Core Values

Honesty with Respect
- Always be honest, but always stay respectful

Ambitious & result-driven
- Be ambitious, maximising shareholder value

Trust
- Trust each other in respective roles and as a team

Transparency
- Be transparent about all decisions & information

Collaboration
- Work as a Team! - we are in this together

Flexibility
- Always be flexible

Team Culture

Communication
- Be calm & polite
- Do not interrupt each other
- Always ask questions

Attendance & Time Management
- Do not be late to Team Meetings
- For simulation days, be there at least 10 Mins prior to the start of the simulation

Perfectionism
- Finish in time rather than be perfectionist
- Be able to let things go

Have Fun & Enjoy it! (stay calm)

Lunch is "Free Time", which means no Simulation-Talk!

Last Decision is done through consensus!

Support each other ALTOGETHER!

Decisions & Orga

Meeting Structure per Quarter
- 15 Mins – Analyse current situation & prep Decisions
- 20 Mins – Meet as Executive Team & discuss Challenges going forward
- 10 Mins – Complete Decisions exclusive to each role, collaborating when necessary

Order of Discussion
1. Operations & Marketing
2. Innovation
3. HR
4. Finance

Order of Actions
1. Finance
2. Operations & Marketing
3. Innovation
4. HR

Responsibility Officer Maria

Time-Management Officer Lukas

Community Officer Yannick

Communication Officer Milena

Risk Officer Giulio

Compliance Officer Gabriel

Sustainability Officer Antonio

Figure 29: Gama's Team Charter 2024

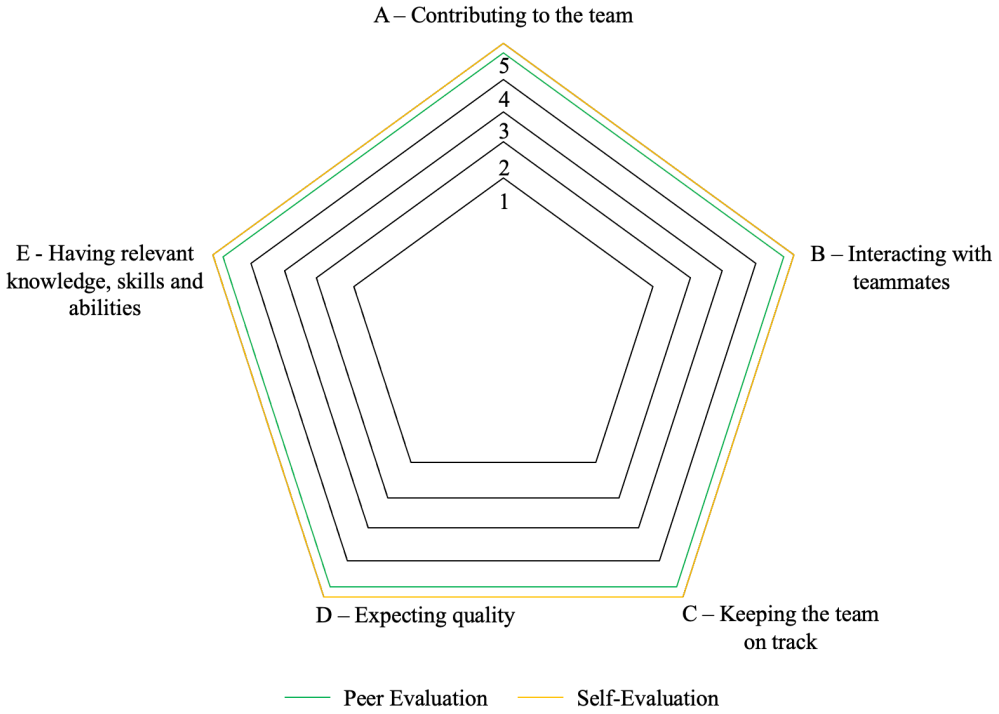


Figure 30: Self and Peer Assessment (own illustration)

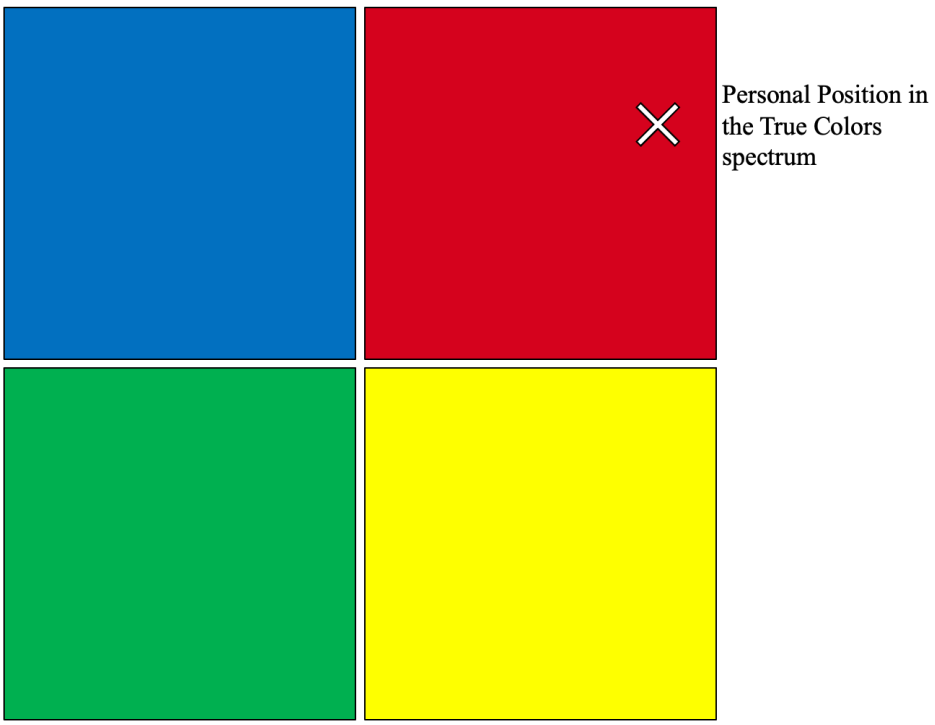


Figure 31: Personal Position in the True Colors spectrum (Lowry n.d.) (own illustration)